

A USEFUL LOOK AHEAD FROM WASHINGTON

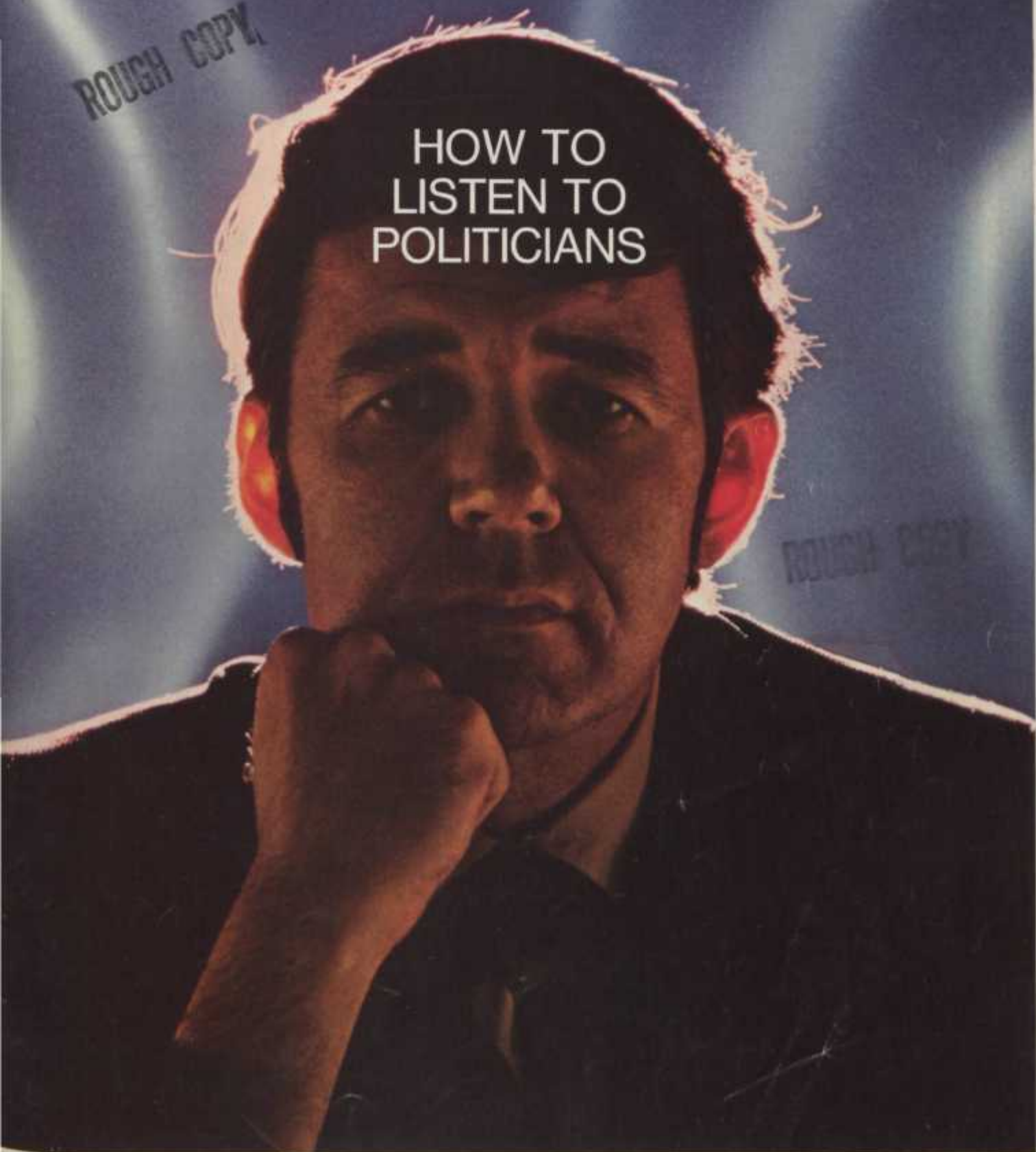
OCTOBER 1972

Nation's Business

ROUGH COPY

HOW TO
LISTEN TO
POLITICIANS

ROUGH COPY



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exactly how much protection you want in each area and we give you just that. You pay for what you need and nothing more.

It's simple. One policy, one agent, one company and one premium.

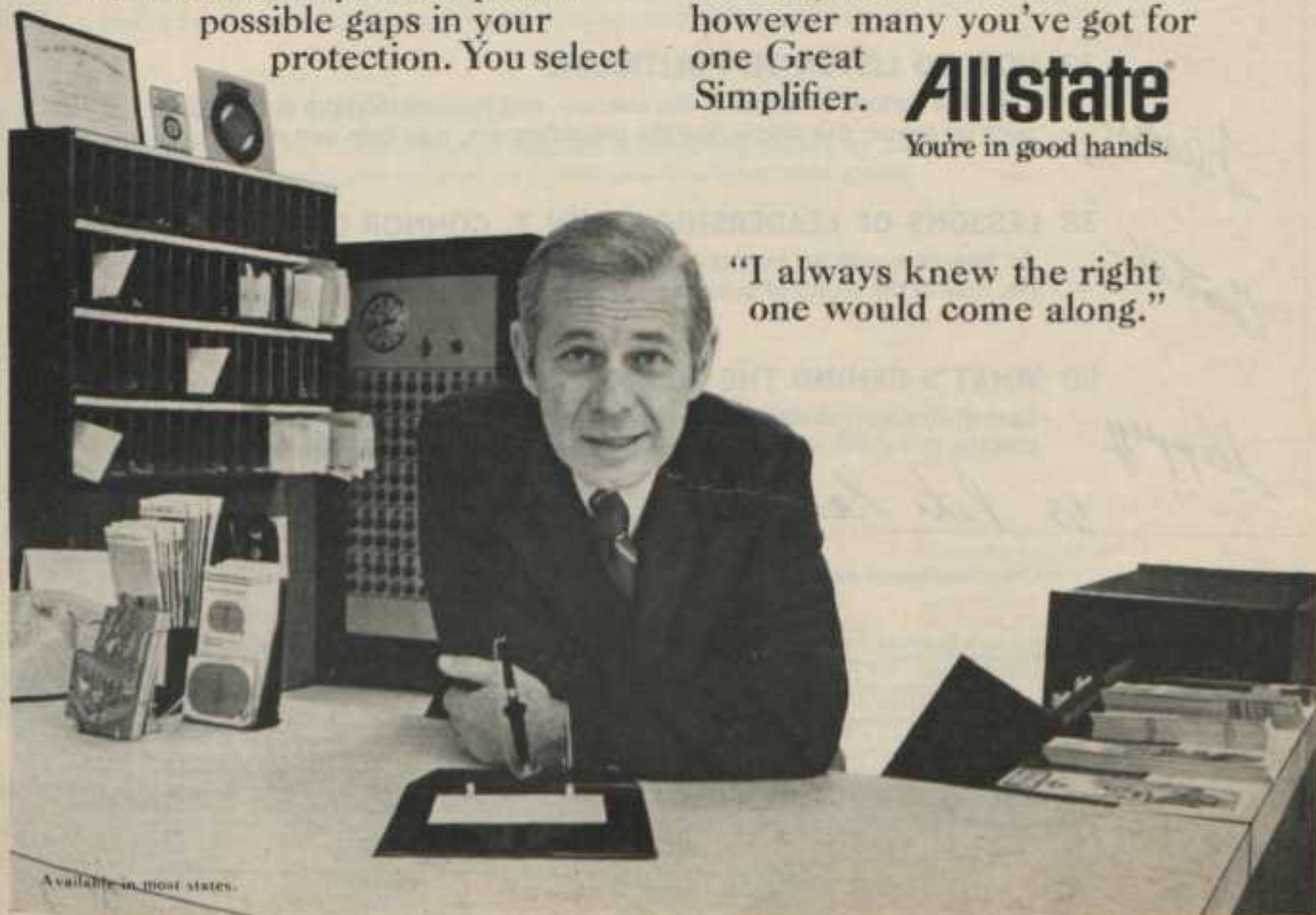
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Allstate

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"I always knew the right one would come along."



Available in most states.

Nation's Business

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Cover photograph by Barry Blackman

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**The biggest losses in a fire
can be things that didn't burn.**



If you're in business, you probably carry Fire insurance. But don't let that lull you into a false sense of security. You may not be covered as well as you think.

You may need help in tearing things down.

Let's suppose that a fire destroys 50% of your plant. And suppose that local ordinances stipulate that the remainder of the building must be demolished (which is often the case).

Fire insurance normally doesn't cover this part of your loss. It only covers property damaged or destroyed in the fire.

What can you do? Buy Contingent Liability from Operation of Building Laws insurance plus Demolition insurance which will protect you against the loss of property not damaged or destroyed, including the cost of tearing it down and removing it.

Who usually pays for removing debris?

OK. With "Contingent Liability..." and Demolition insurance, you're paid for the property that didn't burn but which needs getting rid of. But what about the debris of what *did* burn? That expense can be covered... usually without charge... by a Debris Removal clause in your standard Fire and other Property Damage policies.

One caution, however. The inclusion of Debris Removal coverage does not... repeat, *not*... increase the limit of the insurance company's liability. It simply adds an additional item for which they will pay, *within* that limit.

Remember that it can be fairly tricky to establish for insurance purposes—and in advance—how much it might cost to remove debris or demolish up to 50% of your plant. One solution: get an estimate from a wrecking contractor.

What if you're not allowed to replace the building?

Zoning laws change. Building codes change. Aside from your own preferences, will you be *allowed* to replace the demolished building? Or will you have to use more costly materials? Conform to more stringent regulations? You'd probably need a lawyer to get the answers.

But we can tell you this: even being insured on a full Replacement Cost basis doesn't always protect you against such losses.

What can you do? You guessed it. There's another type of coverage that answers the question. Increased Cost of Construction insurance.

Replacement Cost vs. Actual Cash Value.

The two terms mean vastly different things. And the time to understand the difference is before a loss.

The standard Fire policy is written on an "actual cash value" basis. Which means that, in settling a loss, a deduction will be made for physical depreciation.

To protect yourself, get Replacement Cost coverage. There are several ways you can do it, but the most common is simply to modify your present policy so that losses will be paid without deduction for depreciation. That means you'll probably have to increase your insurance to cover the amount of depreciation and to be sure you comply with the coinsurance requirements.

Another reason for Replacement Cost coverage: generally, you can't buy Increased Cost of Construction insurance unless you're insured on a replacement cost basis.

Incidentally, Replacement Cost coverage on stock inventory isn't necessary because depreciation normally isn't a factor. But consider it on your improvements and betterments. And, if you can get it, for your equipment and machinery.

Who decides what things are worth?

Buildings deteriorate. Construction costs increase. The result is, determining the value of a piece of property can be difficult. And when losses occur, it can be the source of a great deal of litigation.

The safest thing to do is to get an estimate on property values for insurance purposes, as accurately and scientifically as possible. In advance. And in writing.

And the best way to do that, is to get a competent and reputable professional appraiser or contractor. He'll also know about local building codes, which will help you establish how much Increased Cost of Construction insurance you should carry.

Where do you find such an expert? Check with architects in the area. Or ask your insurance agent. When you do find a qualified man, don't be surprised if his price is high. He's probably worth it.

When you realize that, you'll probably do what you should do... keep your appraisal up to date by periodic review.

What about the most precious commodity... time?

In discussing hidden exposures, it would be an oversight to neglect the question of time.

To protect yourself against this kind of additional loss, there are several types of insurance with which you may be familiar... Business Interruption, Extra Expense, and Rent insurance. And one with which you may *not* be familiar... Demolition and Increased Time to Rebuild insurance.

The actual effect of a loss of time will vary so much, depending on the size, location and nature of your business, as well as on construction problems, that specific advice would be impossible here.

But we can advise you to think about it. And when you do, we think you'll do something about it.

In fact, the whole purpose of this ad is to urge you to think about exposures to loss that you hadn't thought about before.

Getting the right answers on your own may not be easy. That's why you should consult with the professional agent of a service-minded insurance company.

You won't have to look far to find one.



The Continental Insurance Companies

Continental Insurance • Firemen's of Newark • Fidelity & Casualty • Commercial
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Memo From the Editor

Nation's Business • Published by the Chamber of Commerce of the United States • 1615 H Street N.W., Washington, D.C. 20006

If you're a long-time reader of *Nation's Business* the title on our cover and the article on page 32 may seem familiar.

With good reason. Back in 1960 we ran another article entitled "How to Listen to Politicians." It was written by Tait Trussell, then one of our associate editors. For it, he won the Loeb Award, an annual prize for outstanding business journalism.

This month's article is also by Mr. Trussell, who now lives in Florida and is involved in several business activities, including occasional articles for *Nation's Business*.

You'll find this article as full of helpful advice on the semantics and exaggerations of politicians as was the prize-winning one.

It's nonpartisan or bipartisan, in that it explores the speeches and promises of both sides.

In a similar bipartisan vein, we offer the articles on pages 30 and 31.

We asked two corporate chairmen and chief executive officers to write for you "Why I'm Voting for Nixon" and "Why I'm Voting for McGovern."

The pro-Nixon executive is Gerhard D. Bleicken. The pro-McGovern executive is Roger P. Sonnabend.

There's still time for you to help the candidates or party of your choice. Let them know you're willing; they'll find something for you to do.

And there's also still time for you to register to vote. A new law says the last day for registration must be no more than 30 days before the election. If you have moved, you can register in your new area if you will have lived there at least 30 days before election. Otherwise you can vote either in person or by absentee ballot in the place you have moved from.

If you expect to be away from your voting place on election day, be sure to arrange for an absentee ballot. In

many places you can do this even a few days before the election.

It's estimated that a million and a half people, outside the military, normally are away from their homes on election day. If they all voted on absentee ballots, it could make the difference in an election.

One of the things we all want from government, of course, is more efficiency. But it never seems to come about.

Amusingly, the artists who designed the cover of the



latest official "United States Government Organization Manual," intentionally or not, illustrated the current situation very aptly (see photo).

That maze has only one entrance—at the top. And no way out.

Jack Woodbridge

HOW TO EXPAND YOUR EXPORTS AND INCREASE YOUR OVERSEAS PROFITS.

Being a manufacturer of goods, you've probably thought more than once about expanding your overseas markets.

Only to be turned off after hearing how expensive it would be to be competitive, especially if you used regular surface transportation. Your customers would not only have to pay shipping charges but also have to wait weeks for delivery.

Now, you could open a warehouse in each of your planned markets. But then there's all those additional costs. Extra insurance costs, extra handling costs and depreciation costs.

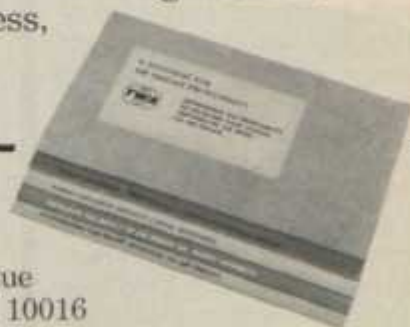
But there is an alternative you should know about. It's TWA Air Freight.

Even though it may initially cost more, it could turn out to be more profitable. Since you ship directly from factory to market, there's no delay in shipping, no need for a warehouse and

no need to pay a lot of extra handling.

And with the way the United States is now pushing exports, with tax breaks, now would be a great time to think about using air freight.

If you would like to know more about how TWA's Air Freight can fit into your business, just mail in the coupon.



TWA
Director of
Freight Sales
605 Third Avenue
New York, N.Y. 10016

I am interested in your Guide to a
Synthesis for Air Freight Profitability.

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It's the kind of location a developer dreams of. Right on the axis of expansion at the east edge of Lima. Top highway facilities to the OSU branch campus. Plenty of land for motels, restaurants, apartments, homes. And for industrial use too. Very near the Allen County airport.

The zoning is industrial, and it permits commercial, multi-family and single-family uses as well. City water and sewers (sanitary and storm) are available.

The 174,500 population metropolitan area of Lima is right around it. A very good industrial city with an enviable record of expansion. Some of the most desirable labor skills are available there.

Want to know more? Write for our brochure. Or phone and we'll put one in the mail immediately.

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AND TRUST COMPANY**

631 W. Market St.,
Lima, Ohio 45801.



Letters

Underworked and Overpaid?

• I read with great interest your article, "Where Unions Work Overtime at Boondoggling" [August]. It struck very close to, but never mentioned, another industry where "boondoggling" has been common practice for years—the college teaching profession.

Before I incur the wrath of many who are in the profession and also read your publication, let me say that during the past four years I have been teaching in one of Michigan's finest two-year business colleges.

From personal experience, I know that teaching 12 to 16 hours per week for 32 to 36 weeks per year is boondoggling. I say this because in addition to teaching 23 hours per week for 47 weeks per year, I've still had time to prepare classes, advise students on curricula, finish my M.B.A. graduate study, and write any articles that I may have wanted to write. Also, I've pursued many other interests, including a family and, for a time, a part-time sales job.

The point is simply this: Why should the taxpayers and tuition-payers continue to support such underwork and overpay?

JEFFREY M. LOVE
Instructor
PLM, Mich.

• I congratulate you for your intrepid article. It accurately portrays a frightful and disgraceful situation that has greatly increased the cost of construction in the United States.

Unfortunately, our federal labor laws are so protective of the unions' excessive power that we construction contractors have been practically powerless to resist their relentless pressure at the bargaining table.

Fortunately, thanks to articles such as yours, the public is becoming aroused. Also, thanks to inroads into previously organized labor's private domain by open shop construction contractors, the international union general presidents themselves are beginning to realize that the time has come to put an end to this disgusting featherbedding.

Nevertheless, so great is the power of the individual local unions, and so hamstrung are the international un-

ion general presidents by federal labor law, that even they are relatively powerless to overcome it.

I hope the voting public can become sufficiently aroused to force Congress to outlaw some of the practices so vividly described in your article.

L. E. LAURION

Vice President
Marlin K. Eby Construction Co., Inc.
Wichita, Kans.

• Why the generalities? I am an estimator for a masonry contractor, but still belong to the bricklayers union. Statements such as "bricklayers have quotas that vary from state to state" and "the quota may be for laying 400 bricks a day though normal production is 800 a day" are part of the American myth regarding unions.

In the 11 years I have been in the masonry branch of construction there has never been a quota set at any time for any amount!

Rep. Larry Winn's statement regarding bricklayers laying less than their forefathers is fact. But has he ever worked on renovating an old school building to see first-hand the quality those forefathers produced? I have and it is certainly not up to modern standards. Today's architects and school corporations would not tolerate such work. Also, the type of construction is different.

SAM LECKRONE

Estimator
Thorpe/Larson and Son, Inc.
St. Wayne, Ind.

Science vs. welfare cheats

• Re Edward B. Seegers' letter [August] proposing computerized fingerprint identification as a method of reducing welfare bunko.

We have been trying to develop some interest in such a system using a solid-state matrix button device for sensing the image—thus eliminating need for ink or other personal inconvenience.

Terminals installed at points of review for welfare recipients, assessing centralized files, could be used to determine whether applicants had already applied under other names or were violators in any other forms.

DONALD E. KILLEN

President
Identification Systems, Inc.
Dallas, Texas



Let's get our heads together. Then we'll put ours on the block.

Any oil company can look over your operation and make recommendations. What makes us different is the next step: if we can find a way to save you money, we tell you exactly how much. In advance. In writing.

A year later, we'll get together again—and we'll work up a report stating how much you actually *did* save. Again in writing. If you're a

typical customer, your real savings will probably be more than we estimate. Last year we saved, on the average, \$2.06 for every dollar we predicted.

Sometimes the savings are small. But sometimes they're startling. As an example, in one year a pharmaceutical manufacturer saved almost eleven times what his lubes cost.

Find out what we can save you. Once we get together, you can count on us to put our head on the block. Mobil Oil Corporation, 150 East 42nd Street, New York, N.Y. 10017.

Mobil®

We sell more by selling less.



I work in the nuclear age. But I live in another.

"I'm a nuclear physicist. And I work on the future. But it's a different life when I get home.

Like last week I bought my son a pony. Week before that, my sailboat took the cup at the regatta.

So we live the old life.

Although Virginia's in a new age."

Virginia has entered a new age of manufacturing. Building nuclear ships and reactors. Producing electronic parts and computers.

Virginia is also manufacturing new textiles. Machinery. Chemicals. And transportation equipment.

But that's the way we work.

We like to call it our balanced system for intelligent growth.

Part of that system is work.

So is our 360-year tradition that we take our work seriously.

Often a new industry may involve setting up machine shops, assembly operations, plastic molding shops and other specialty operations.

Virginians take to them. They learn quickly. Demonstrate

flexibility. Turn out quality products.

And what really proves they like to work is this: Between 1965 and 1969, the U.S. Department of Labor reports that in Virginia only .12% man-days were lost as a percentage of all man-days worked. Compare that with .27% for the five largest industrial states.

Now wouldn't your company like to profit from Virginia's balanced system?

If you're in business to make new things, let Virginians help you make them.

They like to work on tomorrow today.

Let Frank Alspaugh tell you the whole story. He's the Director of the Division of Industrial Development. Write to him at the Governor's Office, 1034 State Office Building Richmond, Virginia 23219.

Virginians
Their system is working.

Disservice to travel agents

• Mr. Weaver made an excellent suggestion in his "Strictly Personal" column [August] that airline tickets not be bought with credit cards because of the delay in refunds should any portion of the ticket be canceled.

He did travel agents a disservice when he suggested "it's better to buy your tickets directly from an airline with cash or check."

Travel agents are allowed to make prompt refund on tickets purchased in their offices that are paid for by check or cash.

THELMA BACON
Owner/Manager
Thelma Travel Service
Jacksonville, Ill.

• Waiting a minimum of one month for an airline refund is in no way "prompt."

The travel agent, in a majority of cases, is able to issue a refund check or credit immediately upon receiving the unused flight coupons of a ticket issued by his agency. He is not faced with the thousands of refund applications arriving daily at the airline revenue accounting office, and he knows that prompt refunding will bring the customer back for future transactions.

DON CORNELL
Manager
Chaparral Travel
San Antonio, Texas

More red ink

• Too bad your editorial, "Who Will Pay?" [July] concerned only the increase in the federal deficit for the year ended June 30. That adds \$125 per person to the existing debt, in your estimate, and the increase could be as much as an estimated \$36 billion for the year to come.

Wouldn't it have been helpful to recall that \$400 billion of federal debt existed before the latest increases were added on by President Nixon?

Just think: By next June 30, our beneficent taxpayers will already have advanced \$2,400 in behalf of every citizen in the country in spending in excess of income.

Strange, that anyone should josh George McGovern for offering another piddling \$1,000.

FRED STEFFEN
Bus Chair, W. Inc.

We don't work a four day week.



*It just feels
that way.*

There's something very relaxing about Lakeland. Something that takes the kinks out of your muscles and your mind.

It isn't just the legendary climate or the year-round recreation. It's the pure pleasure of living in a community where current needs are met and the future's well planned. It's a sort of rational approach to growth that both pioneer and newcomer can live with, an approach that won us All-America City honors.

You'd enjoy living and working here. But you'll need more information. Write or call today for the folder, "Lakeland: Dynamic Central Florida Growth Area." It has all the facts, including the impressive availability of trained labor.

LAKE LAND

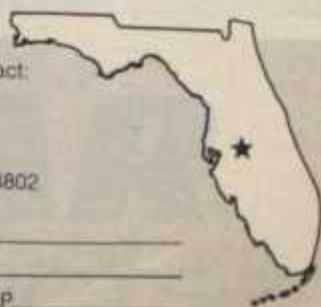
Wonder-full All ★ America City, Florida

Neighbor to Walt Disney World

For further details and informative literature contact:

John M. Hamilton
Manager, Industrial Division
Dept. 7
Lakeland Chamber of Commerce
35 Lake Morton Drive • Lakeland, Florida 33802

NAME _____
ADDRESS _____
CITY _____ STATE _____ ZIP _____



Goodyear hose pumping anything

Your Goodyear hose distributor offers industry's

Goodyear makes the industry's most complete line of hose. The reason: to make sure it can give you the best hose for the job—at the lowest possible cost.

You can choose from 1200 types of Goodyear hose in sizes ranging from $\frac{1}{8}$ " to 54" inside diameter. Hose specifically designed for long service with anything from milk to dry cement. Special hoses like Blue Flexwing (far right) that can handle 90% of all industrial chemicals.

And to lower costs still more, your Goodyear distributor is able to deliver many types of hose right now, from local stocks—ready to use—cut to length, with couplings fitted and assemblies complete. So you save money on man hours, warehouse space, hose scrap and coupling inventory.

Whatever your hose problem, call your Goodyear distributor's. When you're looking for ways to cut hose costs, it's the first place to look.



The first place to look.

helps cut the cost of from air to asphalt

widest range of types and sizes.

◀ "Instant hose assemblies" are available in many types at your Goodyear distributor's where it is cut to your length and fitted with couplings. Trained people also stand ready to provide skilled technical aid. Customers find both these services helpful in keeping hose costs to a minimum.



Long, continuous lengths (up to 3000 feet) of flexible Goodyear hose were needed to make this irrigation system work. Now one man can cover three times as much ground in one day.



A special polyethylene inner lining enables Blue Flexwing hose to carry almost any chemicals safely and easily, including alcohols, strong solvents, petroleum products, hydrocarbons and most acids. It's light and flexible, too, for easy handling in any weather.

GOODYEAR

INDUSTRIAL PRODUCTS

Sixty-five North Carolina towns* prove they have something better to offer.

They won the Governor's Award for community development and placed themselves in stronger competitive positions for industrial expansion.

To win the Governor's Award these communities looked at themselves and made changes:

They established industrial development promotion groups and formed development corporations chartered to finance industrial buildings and sites.

They inventoried their communities, providing facts and figures on what they have

to offer, answers to questions asked by site selection experts.

They developed industrial sites — four or more in each community — with commitments for all utilities at the sites.

They conducted clean-up fix-up campaigns to make their communities more attractive and to demonstrate the outlook of their communities.

So far, 65 North Carolina communities, from mountains to the coast, have met the criteria of the Governor's Award program and signified their ability to accommodate new and expanding industry.

For more information on what North Carolina's Governor's Award towns have to offer for new and expanding industry, use the coupon.

Tell me more.

Governor Robert W. Scott
Dept CI
Raleigh, N. C. 27611

We are interested in knowing more about North Carolina's Governor's Award towns.

NAME _____

TITLE _____

FIRM _____

STREET _____

CITY _____

STATE _____

ZIP _____

NE

North Carolina

* Ahoskie • Albemarle • Andrews • Angier • Ayden • Belhaven • Boone • Burnsville • Canton • Clayton
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Wallace • Walstonburg • Warsaw • Washington • Waynesville • West Jefferson • Whiteville • Wilkesboro
Williamston • Winterville • Woodland

Legalize victimless crimes?

• Concerning the July article, "The FBI After Hoover," L. Patrick Gray III, acting head of the FBI, contradicts himself in the interview. He says his argument against legalizing victimless crime is upheld by his statement that illegal gambling alone accounts for the bulk of dollars earned by organized crime.

I would be interested to know how much legalized gambling in Nevada contributes to organized crime.

Not very much, I would venture.

In my opinion, the free enterprise system itself would regulate competitively all areas of victimless crime, if they were legalized.

Not only are the prohibition laws that are supposed to regulate victimless crime unconstitutional, they deny the free enterprise system the right to exercise proper control.

When a commodity is prohibited, the price of that commodity goes up due to scarcity—and that's when organized crime steps in.

It seems that we should have learned something about this in the 1920s when organized crime moved into bootlegging.

Prohibition of any victimless crime is an open invitation for organized crime to move in and make a fast buck—regardless of whether we are talking about prohibition of alcohol, gambling, prostitution or marijuana.

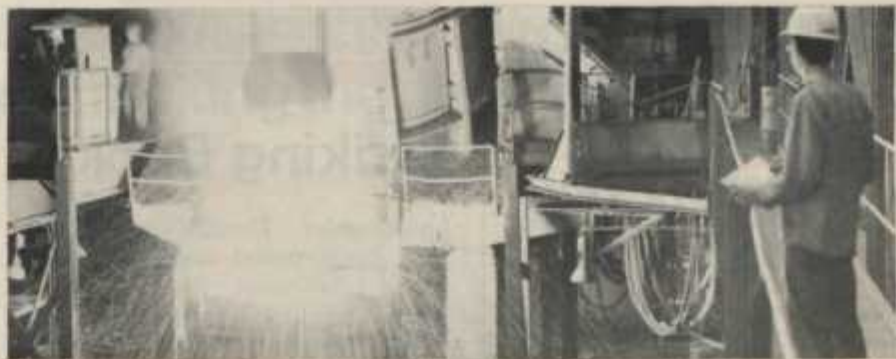
DAVID NANCE
Dallas, Texas

Industry and energy

• I read Dr. Ralph E. Lapp's article, "Brainpower—An Answer to Our Energy Problem" [August], with great interest. As an employee of a petroleum company, I am well aware of the energy crisis. Petroleum companies now spend about \$600 million a year on research to find new products and to improve old ones.

Hopefully the energy crisis will be a concern of every citizen and—most of all—the taxpayer. Let's realize the need for the depletion tax allowance so major energy suppliers can continue their research before the assignment falls to the government and we all pay in higher taxes.

CAROLYN DICKHAUT
Clarkston, Ga.



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SBA Report

Striking Back at Disaster

Alexander Damico of Elmira, N.Y., is a proud and independent man. Like most Americans, he's worked hard for what he has.

Mr. Damico is also a victim of Hurricane Agnes, the tropical storm that hit New York and five other states last June. His small home was filled with six feet of flood water, and his refrigerator and stove were destroyed.

At 92, he refused help and cleaned up the mud in his home by himself.

When a Small Business Administration representative stopped by to explain SBA disaster assistance, Mr. Damico was suspicious. He found it hard to believe that the U.S. government—through the Small Business Administration—would lend him the funds he needed to repair or replace his damaged property.

The SBA man had an even harder time convincing him that he would not have to repay up to the first \$5,000 of the loan.

Today, Mr. Damico and thousands of others like him are believers. They had been traditional individualists until the raging waters of Hurricane Agnes swept away tradition along with homes, personal property and businesses. Now they are working with SBA and other agencies, federal and local, to rebuild their lives.

Prepared by the Small Business Administration.

Although SBA already was handling 60 disasters in 30 states when Agnes hit, the agency immediately responded to the needs of the new victims. At one point, 81 emergency offices in Florida, Maryland, New York, Pennsylvania, Virginia and West Virginia, staffed by 1,400 people, were operating 12 hours a day, seven days a week.

In the first eight weeks, SBA approved more dollars in disaster loans to businessmen and homeowners than it did in the 18 months following the February, 1971, Los Angeles earthquake, SBA's largest disaster operation prior to Agnes.

By Aug. 31 it had made 33,609 disaster loans totaling \$133,183,284; loans were being approved at a rate of more than a million dollars an hour. Administrator Thomas S. Kleppe has estimated that before the job is completed, SBA will have approved more than a billion dollars in loans, in all.

On Aug. 16, President Nixon signed legislation that greatly expanded the benefits of SBA's disaster loan program. The measure's major provisions cover all disaster victims who have received or will receive SBA loans during 1972 and through June 30, 1973.

Under this law, the government will forgive the first \$5,000 of an SBA disaster loan. Under the previous law, the first \$500 had to be

changing your address?

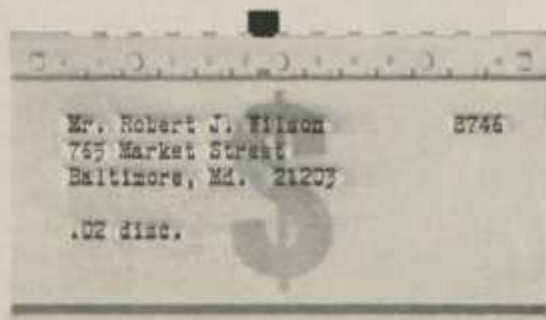
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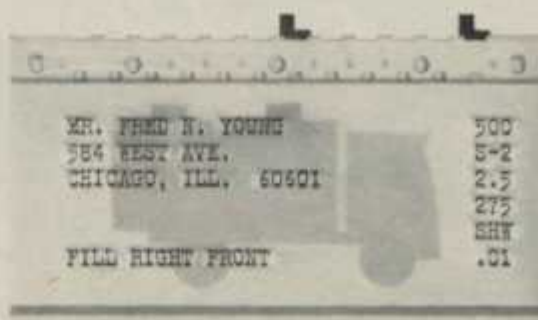
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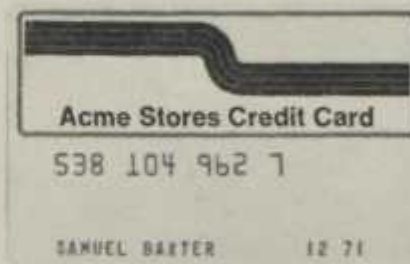
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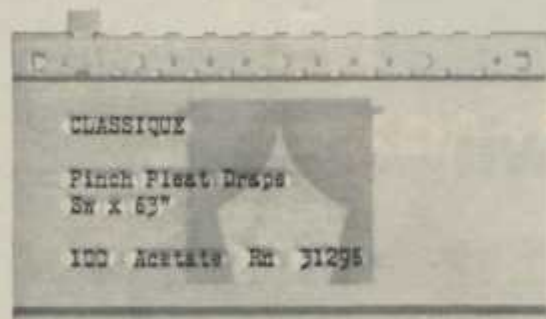
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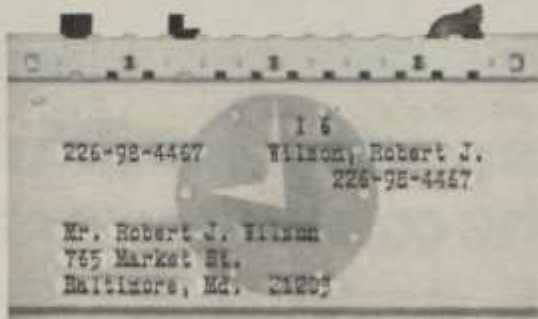
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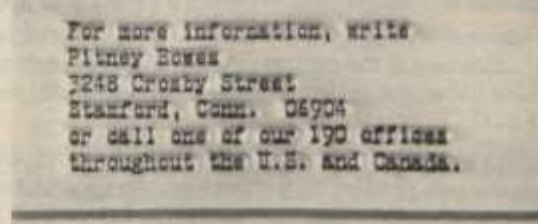
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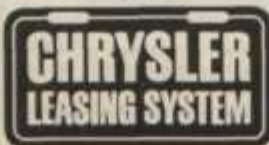
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SBA Report *continued*

repaid and the maximum forgiveness was \$2,500.

Also, under the new law, the annual interest rate on any loan over \$5,000 has been set at 1 per cent. The old law called for a different interest rate to be determined each month, with a 6 per cent maximum.

Further, in hardship cases SBA may now defer principal and interest payments on disaster loans for as long as five years instead of the three years authorized by the old law.

For example, two disaster victims, a husband and wife in their 70s living on Social Security, owned a home valued at \$18,000. They suffered \$10,000 real and \$7,000 personal property damage. Their SBA loan can be for the entire \$17,000, of which \$5,000 is forgiven.

In cases of hardship, monthly payments may consist of interest only, at an annual rate of 1 per cent—or in this example, \$10 a month. If the hardship continues at the end of the first five years, the waiver of principal payments may be made again. There then may be reviews every five years, and principal payment deferments, as long as husband and wife, or either of them, are alive.

In another example, a disaster victim living in an apartment suffered \$4,800 damage to personal property. He can receive \$4,800 from SBA; and no debt is incurred, since up to \$5,000 can be forgiven.

Included in the new law is a retroactive provision designed to cover homeowners and businessmen who received SBA loans as a result of disasters which occurred during calendar year 1971.

SBA is now authorized to forgive up to \$2,500 of all such loans, and effective as of August 16, the date of enactment, interest on the unpaid balance will be recomputed at 3 per cent. The first \$500 of the loan does not have to be repaid.

Victims of a total of 137 disasters in 44 states, the District of Columbia and the Truk Islands are eligible for the increased benefits.

It is not necessary for disaster victims already holding SBA disaster loans to contact SBA. The agency will contact borrowers who are eligible and ensure that they receive the full benefits of the new law.



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☐ Texas Market Projections, 1950-1990

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"A CRUISE SHIP IS LIKE A WINE GLASS. IT SHOULD NEVER BE FILLED MORE THAN HALF WAY."

Captain Ferruccio Rocconi,
Master, T. S. S. Fairsea.

Nowadays it's tough to take a relaxing vacation. What with quickie tours, elbow-to-elbow air travel and thin-walled hotels, the whole thing doesn't seem much different from a crisis at the office.

Even cruising has changed.

Pack 'em in and ship 'em out is how it usually works. Not like back in the Thirties, when cruising was elegant, opulent and self-indulgent.

It was a time when people took good service for granted. When a waiter wasn't ashamed to be a waiter. And was proud to be a good one.

THE 1930'S CRUISE TODAY

At Sitmar, we've preserved the unique luxury of that era.

But we've put it together on two of the most up-to-date, all First-Class ships afloat: the T. S. S. Fairsea and the T. S. S. Fairwind, both of Liberian registry. (Which assures you of very high safety standards.)

If you've cruised before, you know the drawbacks of little ships (too crowded) and big ships (you get lost a lot). At 25,000 gross registered tons each, our ships are just right, and our Denny Brown stabilizers give you the quietest, most stable ride at sea.

Although we could book 1,700 people, we will not book more than 850. That way we still make a profit, you get plenty of space, and you'll tell your friends you had a great time.

People want space, so we put in larger staterooms, more closet space, and individual thermostats in every room.

We made the public rooms large and

airy, like in the 30's. We made the galley huge so our Italian cooks could prepare all the varieties of food we serve.

We even made the elevators roomier. To do it, we spent \$56,000,000 on our ships. And even at today's prices, \$56,000,000 of European craftsmanship goes a long way.

EXPECT MORE THAN GREAT FOOD

We know the cruise business. So we give you standard fun like bingo and talent shows, plus un-standard fun. Like three swimming pools instead of one. Two card rooms. A delightful garden room teeming with exotic plants.

Plus recent movies in an excellent theater. One large dance lounge, an intimate lounge, a discotheque, and a night club that's open to 3 AM.

A word to the purser and we'll even arrange a private party. And add some strolling musicians if you really want to make a splash. Just like in the 30's.

Feel like doing nothing?

A word to your steward assures you privacy. There's plenty of space for you to escape to. Including a comfortable library, two card rooms and a writing room.

Press a button and three people are ready to pamper you. Even if it means ham and eggs at four in the morning. Or polishing your shoes at a moment's notice.

Because on the Fairsea and the Fairwind our crews keep alive the 30's tradition of tips according to service.

CHOOSE THE CARIBBEAN, MEXICO OR ALASKA

Sitmar takes you where you want to go. Like the Caribbean. On 17-day and 35-day cruises from Los Angeles and Port Everglades to great places with names you can't pronounce. Curacao, St. Maarten, Caracas, and more. Sailings are from Los Angeles: October 13, November 17, December 22, and January 26, 1973.

If you prefer to depart from the East Coast, we leave Port Everglades October 31, December 5, and January 9, 1973.

We also cruise the gentle Mexican waters. 7, 11 and 12-day

cruises to Acapulco, Puerto Vallarta, Mazatlan and Zihuatanejo. (Zee-what?) From Los Angeles: October 10, 21; November 1, 17, 24; December 6.

And starting next Spring, we'll be departing from San Francisco for 14-day cruises to Alaska.

Prices?

While we can't offer you 1930's prices, you will find us very competitive.

For example, a 12-day Mexican cruise runs anywhere from \$470 to \$1,255, depending on the room you select. (That takes care of everything except tips, cocktails, and "walking-around" money on shore.)

A 17-day Caribbean cruise can be yours for \$935, or thirteen other prices to a top of \$2,125.

And all our rates are for all First-Class, with private facilities and individually controlled air conditioning. (Based on double occupancy, of course, and subject to space availability.)

Compare these costs to the equivalent amount of time at a resort hotel, and you'll be favorably surprised.

But even as they said back in the Thirties: it's not how much it costs. It's what you get for what you spend.

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Most ships are pretty much the same. So we work very hard at being different, and looking at things from your point of view. We give you the little extras that keep alive the great era of cruising.



Ask for what you want, and you get it. With a warm Italian smile. (You may pick up a little Italian in spite of yourself.)

The quickest way to go cruising on a Sitmar ship is to call your travel agent.

Or write: Sitmar Cruises (Div. MN) 3303 Wilshire Boulevard, Suite 444, Los Angeles, California 90010, and we'll send you our brochure. (It was written by a romantic and goes well on coffee tables.)



SITMAR CRUISES

1930'S CRUISES ON 1970'S SHIPS.

Selling via credit cards

Central States Health and Life Co. of Omaha does.

That's how it markets its supplemental hospital insurance.

"We let the policyholder put the premium on his Master Charge or BankAmericard," says Thomas L. Kizer, senior vice president.

Does it work?

"It has for years," he chuckles. "If it didn't, we wouldn't be spending all this money promoting it."

Ditto for the Barbizon School of Modeling in New York.

Dad can send Sis there on the cuff. He simply puts the \$595 tuition on his Master Charge or BankAmericard. He may get up to 24 months to pay it off.

That's what Lawrence G. Chait, chairman, Lawrence G. Chait & Co., Inc., New York, calls "imaginative" credit marketing.

As another example, this marketing expert cites American Airlines' success in selling package tours from Louisville, Ky., to Mexico City.

"It set up six flights," he notes. "For \$229.95, you got five days and four nights in Mexico City—with air fare, room and one meal a day included."

"It offered the tour to 100,000 Kentucky BankAmericard holders in a statement stuffer—a letter sent with the regular monthly bill. And that's a low cost way to reach a market."

"In 30 days' time, it signed up 55 people for the first flight. And it expects to do just as well on the others. Some 255 to 300 sales."

Lots of other markets offer promise, Mr. Chait says.

"Like youths, working women, the overweight, the extra tall or senior citizens."

Why aren't executives reaching them with better credit marketing?

"Overcaution," he says.

"They're afraid the Feds will crack down on it. But talk to Washington. You'll find they want you to help maximize buying power."

His recommendation is: "Within broad guidelines, let your promotion experts swing freely. When in doubt, check your lawyer."

Hello is fun— but goodbye hurts

It's true of many companies.

"Executives hate to let go of an acquisition," says Frederick A. Lovejoy, a Princeton, N.J., financial consultant. "Even when the P&L statement fairly shrieks: 'Split!'"

Big companies have the tightest clutch, he finds.

"Often a subsidiary—or acquisition—has plainly reached the end of the road," he says.

"But senior executives and directors—especially if they masterminded the deal—are too emotionally involved to prune it."

Often, Mr. Lovejoy adds, company growth and vitality depend on "divestment"—cutting out the deadwood. Here are some telltale clues he suggests in a report prepared for the Financial Executives Institute.

Divest when:

- Rate of return is less than you'd get from investing in another project, of equal risk, in the firm.
- Profit is less than the company's cost of capital.
- Earnings are less than the interest you'd get on a loan of equal risk.
- Actual revenue doesn't cover variable costs.
- Projected revenues don't equal all projected costs—fixed and variable.

"Small companies," Mr. Lovejoy says, "usually cut their losses quicker. They can't afford a hemorrhage."

Block that theft

Digital Geriatrics, Inc., had a baffling problem.

Theft was awful at its multimillion-dollar manufacturing plant. Most of the stuff seemed to disappear during the third shift.

"I don't get it," the plant manager

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Executive Trends

continued

muttered. "We have a guard on then."

The guard was a 68-year-old retired postman who made \$100 a week.

Then there was the Tanktown National Bank and Trust Co.

It built a swell new vault—walls of reinforced concrete, three feet thick, resting on a slab of concrete and steel.

But crooks quickly broke in and walked off with a bundle. They simply cut a hole in the corrugated metal roof.

"We all know the moral," says Richard S. Post of Oak Security Inc., a Madison, Wisc., firm that specializes in security services.

"Developing a good security system takes experience, know-how and a lot of common sense."

Poor security costs business dearly. About \$16 billion a year, the U.S. Commerce Department estimates.

"If you want to set up a good security system," Mr. Post says, "here are some basic rules to follow."

1. Check each area to see how vulnerable it is to damage or loss.
2. Adopt an approach that gives optimum security at minimum cost.
3. Make it fit into the organization, instead of creating a prison.
4. Put the system into effect—then evaluate it.

"Ask questions like these," Mr. Post advises.

"Does it do the job? Will it work in the future? Are its costs reasonable? Does it improve profits?"

Security, he says, is planned protection against loss.

"That's a lot more," he adds, "than hiring a retired policeman, giving him a flashlight and gun and turning him loose."

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Ever hear of the National Referral Center for Science and Technology?

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useful information from Washington's immense hoard of technical data.

"Uncle Sam lays out about \$14 billion a year for research," says Justin A. Bereny, president, TTA Information Services Co., San Francisco, Calif.

"And in the last 10 years alone, he has spent more than \$7.5 billion just to sort out the reams of information generated by these programs—and to tell the world about it."

But where can you find the information you want? Answer:

Squirreled away in pigeonholes somewhere in the vast federal bureaucracy.

Some Washington agencies, like the National Technical Information Service, exist solely to help you find what you want.

Other agencies also publish indices or guides.

One good private source is TTA's "Guide to Locating U.S. Government Technical Information, Technology and Patents" (\$15). It lists most major federal sources of information, and explains how and where to order them, and how much to pay.

"Trying to find what you want in the federal anthill is murder," says Mr. Bereny.

"It's like looking for a needle in a haystack.

"The Guide provides a magnet."

Do's and don'ts in a unionizing drive

Want your business to be unionized? If not, you can fight back.

For one thing, you can try to talk employees out of signing up. Here are some things you, or your supervisors, can safely tell them:

- The company doesn't need—or want—a union.
- They don't have to join a union, and it's against the law to coerce them into joining.
- The benefits they enjoy and how they compare with benefits in unionized companies.
- Disadvantages of union membership, such as dues, initiation fees, loss of income due to strikes, possibility of picket line duty, fines and assessments.
- The union will always outpromise

WE BELIEVE OUR \$315 TYPEWRITER CAN DO EVERYTHING YOUR SECRETARY DOES WITH HER \$600 ONE.



Ask yourself. Just how much use would your secretary make of an expensive electric. Better still—ask her.

No matter how hard she works, the answer will probably be—not too much. Because only a few jobs actually require all the exotic refinements that make an expensive electric expensive.

Which means you could have a few hundred bucks tied up in a machine that's never used to its full capacity.

Before now, you never had any choice. If you wanted to electrify your secretary, it really cost you. Anything from \$500 to \$800.

Then along came Hermes. With the low, lean, modern, Swiss-designed 10. An electric office typewriter intelligently planned to do all the useful things you expect an electric to do. But dispensing with the fancy frills that you don't need—and don't want to pay for.

So you get a space bar and 7 symbols that repeat automatically. Electric carriage return and tabulation control. Margins visible at all times with our exclusive Flying Red Margins®. 10 clear carbons. 13" carriage. Faster action than any other typewriter in the world. And \$315.00 is all you have to pay for it.

But if you really need a machine that does more than the basics, we have a whole range of office typewriters, each with different capabilities to fit different needs. And at prices to suit different budgets.

For a Hermes dealer where you can try out our typewriters (our calculators too, if your office can use them), see the Yellow Pages or write us.

If you only want to buy a typewriter once, buy a Hermes.

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Other products: Hermes figuring machines,
Hasselblad cameras and accessories,
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Executive Trends

continued

an employer—but can guarantee nothing.

- Signing a union card is like signing a blank check.

But there are a lot of things you can't do, too, warn lawyers Louis Jackson and Robert Lewis, authors of "Winning NLRB Elections" (\$15; publisher, Practising Law Institute, New York, N.Y.)

For example, you may not threaten to fire employees or cut their wages if they join a union. Nor may you bribe them with more pay or better benefits, if they turn the organizer down.

The 357-page book is no substitute for legal counsel. It's meant as "a manual for employers who wish to avoid union organization and for the lawyers who represent them."

Timely advice to sales managers

"Take a hard look at your sales force. Then weed out those low producers."

That's what Hank K. Astwood, director, Sales Manpower Foundation, recommends.

"If you don't," he adds, "you run the risk of being weeded out yourself."

The ax is still falling on many a senior sales manager, he says. Especially, on those 45 and up who are resting on their oars.

"We've seen a regular parade of them," he says.

"The economy boys come in, find a sales manager with a good assistant who's working for a third or a half of his boss' salary, and boom! The sales manager is gone."

What's his best job protection?

Keeping his sales staff up to snuff, Mr. Astwood says.

Here's what the Foundation found in a recent analysis of sales performance:

Salesmen	Percentage of annual sales
Top 10 per cent	29.4
Next 20 per cent	20.1
Middle 40 per cent	30.6
Next 20 per cent	15.2
Bottom 10 per cent	4.7

The moral, says Mr. Astwood, is: Drop the low producers and get new men who'll model themselves after the top third.

1200 Acres of Ideal Industrial Sites for Sale

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*Promotion
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A survey by the United States Department of Commerce has declared that the Greater Pittston area is the center of distribution for the Northeast United States ranging from megalopolis Boston to Washington, D.C. with overnight delivery to more than 80 million people.



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For further information write:

Mr. Vincent O'Hara
Executive Vice-President

GREATER PITTSTON
CHAMBER OF COMMERCE
7 Broad Street
Pittston, Pennsylvania 18640

or call: 717-655-1424

How to build a \$162,000 building for \$106,000*

* The upper figure is the bid a company recently received for a new industrial facility. The lower figure is what a Pascoe builder quoted and built it for.

Ironically, both bids were fair. It was another case of conventional construction attempting to compete against the modern metal building system.

Thanks to 18 construction exclusives, and the fact that all structural parts are made in advance at the factory, a Pascoe metal building can be constructed for substantially

less money in far less time than a conventional building. And with no sacrifice in quality or appearance.

Which explains why Pascoe builders are so busy these days.

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- ☐ Ask my local Pascoe builder to contact me.

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Making Them Part of the Company Family

Your employees don't seem to identify with their employer? Perhaps you need a good public relations program

Many small and medium-size firms today seem to overlook a factor that could have an important effect on their financial success or failure: A planned, continuing, public relations program for their production and office workers.

For financial success, officials of any business must treat each employee who deserves it as though he is a vital part of the company's family unit. They should never cause him to feel he is nothing more than an impersonal statistic.

In many small and medium-size firms, salesmen receive almost all the recognition. Without question, competent salesmen deserve recognition, and it should be continued.

But it must be remembered that the salesman is only one spoke in the commercial wheel. Without the skill of production and office workers, he would have little or nothing to sell.

Employee public relations is needed. And what's that? Essentially, it is doing the right thing for the right people at the right time, and letting the public know what is being done.

A properly planned employee pub-

BARRY CRIM, author of this article, is a management consultant in De Land, Fla. The article originally was written for the De Land Area Chamber of Commerce.

Is somebody misspelling our name?



There's only one way to spell Sonoco. With an O.

So if you ever see it spelled with a U, that isn't us you're seeing. That's Sunoco, the gasoline people, with whom we are in no way related. Except in sound only.

At Sonoco we make paper and plastic products for industry in plants in the United States and in 16 foreign countries. And most of them we develop in our own laboratories with our own technical groups.

For the textile industry we make cones, cores and spools. For paper manufacturers and converters we make cores and tubes. For packagers we make cans, containers, folding cartons and fibre partitions. For the construction industry we make forms for columns and one and two-way joist systems. For the utility industries we make underground vaults, meter boxes and bituminized pipe for sewer and drain lines. And for a lot of other industries we make specialty paperboard.

So how can anybody make the mistake of thinking we pump gas for a living?

Maybe it's because all our products are made to solve specialized industrial problems. Which hasn't exactly given us the opportunity to become a household word.

But whatever the reason, we'd like to be better known than we are throughout the world. Especially the industrial world. That's why we've written a booklet that tells all about us. Write Sonoco Products Company, Department N, Hartsville, S.C. 29550, and we'll send you a copy. And there's only one thing we'll ask in return.

Please, when you're spelling our name, don't put a U where the O's supposed to go.

Sonoco Products Company.
Innovators in paper
and plastics.



214 CHOICE ACRES FOR SALE



Available whole or in part.

in Pittston, Pennsylvania

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The site is adjacent to the Pennsylvania Turnpike Northeast Extension and two of the East's major interstates, I-80 and I-81, that bring major population centers and seaports within easy reach. And, within 10 minutes of the site is the Scranton-Wilkes-Barre Airport with scheduled airline service.

In addition to its economic values, N.E. Pennsylvania is a versatile playground. The Pocono Mountains are within minutes of your front door for those after-hours of relaxation—with fishing, sailing, hunting, tennis or golf. What's more, the Poconos are one of the fastest-growing winter sports areas in the east.

Just mail the coupon to Donald N. Stocker, Manager-Area Development, Pennsylvania Power & Light Company, 901 Hamilton Street, Allentown, Pennsylvania 18101, telephone (215) 821-5691. We'll send details promptly.

Part of the Family

continued

lic relations program in any firm will give its officials a continuing method of identifying themselves with their employees.

Such identification can range from a pleasant "good morning," and a word of praise, to a discussion with an employee about his work problems or how to upgrade his efficiency. With this type of recognition each employee will be more willing to cooperate with other employees in order to reach planned objectives. He will realize that company officials (not just supervisors) recognize him as a human being.

You have a choice: You can create a group of employees who will work *for* you; or a group of employees who will work *with* you.

An impersonal relationship will always cause employees to have the attitude that they are working *for* you. This means they will not be interested in doing one iota more of work than is necessary to get their pay.

More loyalty

On the other hand, personal recognition from your company's officials will result in the majority of employees gladly working *with* you. This means you will see greater efficiency, less absenteeism and labor turnover, and more loyalty.

These factors can become the difference between financial success or failure.

Publicity is a part of public relations; it is the second step in this program, after company officials give sincere recognition to deserving employees.

In some cases, publicity can be garnered in the various segments of the news media without cost.

In other cases, it may have to be paid for as advertising. But even then, it can be worth much more to a firm than the cost of the ad.

If your salesmen show these advertisements (or news stories) to prospective buyers, this information may create in the prospects' minds an incentive to buy, because the ads reflect good employer-employee relationships. Knowledgeable buyers know that such relationships are a basic requirement for efficient production, and for competitive prices.

In addition, such news stories or

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Fishing fun in the Poconos

NB1



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villains tend to be
that's the way it is



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plant site, it's no wonder
why we're always up for
the job.

Jacksonville is the home of nationally famous Jacksonville University; the new University of North Florida; three private colleges; outstanding vocational and technical programs through Florida Junior College, whose enrollment is among the nation's top 8% and a dramatically improved public school system with fully accredited high schools under the direction of Dr. Cecil Hardesty. Join a city in progress.

Write to Virgil Fox, C.I.D., Executive Director, Committee of 100, Jacksonville Area Chamber of Commerce, P.O. Box 329-H, Jacksonville, Florida 32201 (904) 353-6161.

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And if we don't have what you need in our files, it's easy for us to find it. We've served the area for 64 years, and know it like the backs of our hands. Just fill in the coupon below, and we'll be in touch with you immediately.

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Carolina Power & Light Company

Area Development Department, Post Office Box 1914, Raleigh, North Carolina 27602

Part of the Family

continued

ads may be invaluable if your firm is seeking capital, because factual evidence of good employer-employee relationships often is a prime consideration with investors.

However, a businessman must keep one fact in mind if he wishes to secure free publicity for outstanding production and office employees: The skill with which news releases are prepared may determine whether they are thrown into wastebaskets or whether the news in them is passed on to the public.

Fact or fiction?

Is the substantial financial value of a public relations program for employees fact, or fiction?

Just after the turn of the century when there were few, if any, labor problems compared with those today, Andrew Carnegie, the multimillionaire steel manufacturer, employed Charles Schwab at \$1 million a year, largely because of his ability to deal with people. He knew instinctively that they hungered for recognition, so he gave his company's employees recognition through praise and appreciation. Would Mr. Carnegie have paid Mr. Schwab this salary year after year unless his relations with employees created greater efficiency and financial growth for the Carnegie empire?

Many other successful companies—International Harvester, for example—were built on the principle that winning employees' goodwill is a major objective of every industrial organization.

Hundreds of such success stories could be told.

The morale of factory workers affects many economic factors, such as quality of production and the competition for skilled employees in a tight labor market. It may be advisable to hold jobholders' meetings, similar to stockholders' meetings, to discuss and solve problems and to get the employee's point of view.

Your production and office workers who deserve recognition and publicity should get both. If this happens, you will find most of them willing and able to help your company attain financial success.

They will have become part of your company's family unit. **END**

Protect your investment with fence that protects itself



Anchor Permafused® Chain Link fabric on vinyl-coated framework.

Tough, good-looking industrial fence that's quality-constructed to resist corrosive atmospheres and to look after itself while it's protecting your facilities.

The handsome green vinyl on this fabric is thermally *fused* to the steel by a special Anchor® process—not extruded and slipped on like a soda straw—so there's no space between coating and wire for moisture to form and corrosion to start. This process lets us start with a *heavier* steel core, making Anchor Permafused the strongest vinyl-coated fence fabric on the market today.

The vinyl-coated line posts are H-beams for added strength and longer life.

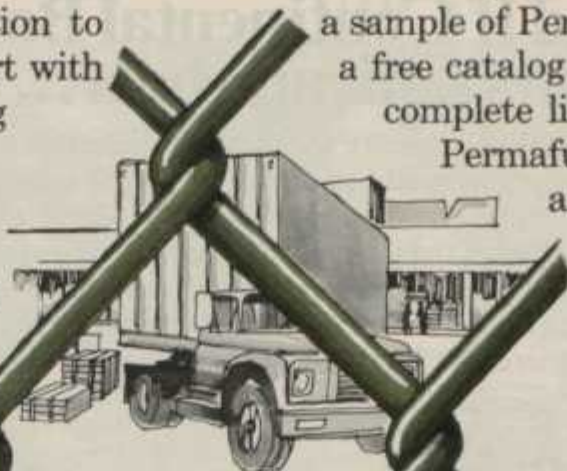
All end, corner, and gate posts are of square construction—

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The attractive, vinyl-coated, square-member gate swings a full 180°—with an easy operating latch that still locks quickly and positively.

These are just some of the low-maintenance, good-looking features you get when you surround your plant with a self-protecting Anchor all-vinyl fence.

To find out more, give your Anchor man a call. Or clip the coupon below for a sample of Permafused wire and a free catalog showing Anchor's complete line of quality-built Permafused, "Galv-After" and All-Aluminum chain link fences including All-Aluminum privacy fence.



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Do you ship by rail? Chicago is the world's largest rail center. By plane? O'Hare Airport is the world's busiest commercial air terminal. By ship? Chicago Seaport is No. 1 on the Great Lakes and the only water link between the St. Lawrence and the Mississippi.

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These people constitute only 3.8% of the U.S. population, but they produce 6.2% of the GNP.



And if Continental Bank knows Chicago best...

Continental has the city's leading site selection service. It has the *information* you need because of its wide-ranging business connections. It has the *experience* to guide you because of the care taken over the years in building its well-staffed Area Development Division. And—most important—Continental has the *objectivity* you need because its own business is unaffected no matter where you locate in the Chicago Area.

Then you ought to start your search with Continental Bank.

Continental is your logical *starting point*. Through us you can work with many other area development services in Chicago or in other locations throughout the U.S. To get started right now: Write or call Mr. Charles Willson, Area Development Director at 312/828-8890, and give him some idea of your needs. He'll tell you what he can do for you.



CONTINENTAL BANK

Economic Illiteracy and the Profit System

Such words as "profits" and "profit motive" have lost their zing because they usually invoke only negative reactions. So says Burson-Marsteller, a leading New York public relations firm.

Discussing this in a report on "Economic Illiteracy: Root Cause of Untold Business Woes," it says that too many Americans know next to nothing about their economy or how it works.

"In a society filled with economic illiterates, profit isn't so much a dirty word as one devoid of sense," according to Burson-Marsteller. "Profits, to

many people, represent the excess cash capitalists (you know who they are!) stuff into their pockets at the end of each working day. The idea that profits translate into government revenues, shareholder dividends and plant investment rarely crosses their minds."

Donald A. Gaudion, chairman and chief executive officer of Sybron, Inc., of Rochester, N.Y., suggested some time ago it might be a good idea to scrap the word "profit" and replace it with "the cost of capital." To which Burson-Marsteller says:

"But scrapping a word isn't always the easiest thing in the world. One thing for sure: The word has lost the stature to stand alone. Executives, in

speechmaking and elsewhere, should make an attempt to explain the term more fully so that the public knows exactly what they mean."

Perhaps, suggests the public relations firm, the first step is to overcome the economic illiteracy so rampant in the country today. Many high school graduates are steeped in Greek mythology and advanced algebra but know next to nothing about bread and butter matters.

The problem is well illustrated in a poll by Princeton University's Opinion Research Corp., which found that most Americans believe net profits of business amount to 28 per cent of sales. The fact is, they average 4 per cent. •

Seeing the Ability, Not the Disability

When American Metal Climax, Inc., was asked to hire Thelma Schiffres as a typist, the company had grave reservations—she was paralyzed from the neck down by polio.

But she successfully got through a two-week trial. And today, 20 years later, Miss Schiffres is supervisor of an entire typing section and regarded as one of the company's most dedicated employees.

Miss Schiffres is one of more than 10,000 disabled men and women in Greater New York who have found useful and rewarding employment through an organization known as J.O.B.

J.O.B., which stands for "Just One Break," was founded in 1949 by a group of young businessmen, most of whom were disabled. Among them was its current board chairman, Orin Lehman, member of a prominent Wall Street investment family. Mr. Lehman lost a leg in World War II.

No fees are involved in finding jobs for J.O.B. applicants. The organization's entire budget is raised by public subscription and benefit performances. Despite a small staff, it interviews between 500 and 700 disabled persons each year and has placed as many as 80 per cent in full-time jobs.



Ability is the key word, says J.O.B. Executive Director Fred C. Board (left). With him are not-so-handicapped employees Thelma Schiffres and John Derr.

"We ask only that a prospective employer look at these men and women in terms of ability, not disability," says Executive Director Fred C. Board.

J.O.B.'s success has attracted inquiries from all the states and many foreign countries—even from the Soviet government. Its files bulge with examples of missions accomplished.

"J.O.B. opened an entire new world to me," says John Heim, a sales support representative with a major photocopying firm. Mr. Heim is legally blind as a result of disease he contracted during Army service in Germany in 1954. He has been promoted since he was hired a year ago.

A veteran who lost an arm was hired by Eastern Airlines as a reservation clerk and now is in charge of all of Eastern's ramp operations at Kennedy International Airport.

At AMAX, three years after Thelma Schiffres was hired, another polio victim was given a job as a control clerk. Now, John Derr is manager of accounting in the copper division. The company sent him to college to get an accounting degree.

Not long ago, Miss Schiffres told an AMAX executive: "AMAX has been so good to me." And he replied: "You have been good to AMAX." •

continued on next page

Shoddy Workmanship? Not for These Workers!

Employees at a trailer manufacturing plant in Michigan City, Ind., take so much pride in their work that they won't let a single trailer get out unless it bears their stamp of approval.

In fact, a special committee has been created at the Clark Equipment Co. plant to inspect each trailer at every stage of production and it is pulled off the line if it fails to meet the committee's standards.

This approach to pride in workmanship has caught on in the company. Employees at Clark trailer plants in Reading, Pa., and Spokane, Wash., have put in inspection programs of their own.

When a trailer is completed and its workmanship approved by the employees, a large decal is prominently displayed on the vehicle. It pictures a horsehead and proclaims:

"This Brown Thoroughbred trailer was built by employees of Clark Equipment Company's Trailer Division, all dedicated to producing the finest trailers in the world."

The Brown Co., acquired by Clark Equipment in 1958, built the world's

first lightweight aluminum truck body.

The inspection program came out of a series of meetings between labor and management at the Michigan City plant. It was given the complete blessing of unions representing Clark employees.

"Our people are proud of their work," says William P. Linnen, general manager of the Trailer Division. "The

THIS BROWN THOROUGHBRED TRAILER WAS BUILT BY EMPLOYEES OF CLARK EQUIPMENT COMPANY'S TRAILER DIVISION, ALL DEDICATED TO PRODUCING THE FINEST TRAILERS IN THE WORLD.

**CLARK
EQUIPMENT**



This symbol of pride in workmanship goes on every Clark Equipment trailer before it is released for sale.

Thoroughbred program enables them to speak out against unfounded criticism of national work quality."

Mr. Linnen adds:

"We just felt it was time for someone to take a public stand against unwarranted attacks on the American employee's pride in his work, and decided to do it ourselves." [See "Sound Off Response," page 22.] •

A Unique Therapy for Mental Patients

A branch of the Depositors Trust Co. in Augusta, Maine, is no different from any other bank—except for its location and its patronage.

It is on the grounds of the Augusta State Hospital and most of its customers are mental patients.

Opened early last summer, the patients' bank, believed the only one of its kind in the country, has approximately \$200,000 in checking accounts and \$85,000 in saving accounts.

The idea for this unusual banking facility came from the hospital superintendent, Roy A. Ettlinger.

"I felt that this might be a good way for a hospital to humanize its services

more," he says. "And that at the same time, by letting patients handle their own banking affairs, it would restore their feeling of self-sufficiency."

It is not unusual, of course, for mental patients to have bank accounts. But, in general, what business they have with banks is handled by relatives, friends or hospital staffers.

Depending on the nature of their mental disability, three types of accounts are available to the Augusta State patients. Some have normal accounts in which they can withdraw what they wish, another group is permitted to withdraw only up to a certain amount each month, and those with severe psychotic ailments must have money drawn out for them by professional members of the hospital staff.

"The reaction among the patients—

and the staff—has been very favorable," Mr. Ettlinger reports. "It is helping us to normalize the environment of the institution."

Of the hospital's 850 patients, some 630 have accounts with the bank. Hospital employees also may use the bank's services.

In the beginning, many patients had to be retaught how to deal with a bank. Some had even forgotten how to write a check. This was quickly corrected with the help of volunteers from the community.

"We have found a marked change in the attitude of the patients," says the administrator. "It has encouraged them to make decisions for themselves. And, more importantly, this has given them an opportunity to relearn forgotten social skills." •

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The Norelco 88 Portable "idea machine" for the man who is going places. It is a full-featured, professional dictating machine... compact... light-weight... extremely easy to use. Ideal for any business activity away from the office. Designed to capture your ideas wherever they occur... for faster, easier and more accurate business communication. Ideas that produce sales plans, new products, expansion plans, company policies... all the profit-making objectives of your company.

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If one of your trusted employees raided your assets, could your company survive?

Employee dishonesty is a direct cause of many business failures—more failures than are caused by fire, natural disasters and legal action. Each year American businessmen lose billions of dollars to their own employees.

Dishonesty insurance is surprisingly inexpensive. It can be included as part of a well thought-out commercial insurance package policy. Is it part of yours?

If one of your salesmen happens to use his own boat for business entertainment, is your liability covered?

Probably not, if your business policy is written with standard insurance forms. In most cases, such forms

cover only those liabilities specifically written into the policy.

With the best of the new commercial package policies, you are covered for every exposure—unless it is specifically excluded. The unexpected and unforeseen are automatically part of your protection package. How does your policy read?

Do you have to understand insurance law to get adequate coverage?

No, but you should understand what your commercial insurance policy covers. Talk it over with your insurance man. Or call in your local independent agent representing Transamerica Insurance Group. He specializes in writing commercial package policies. You'll find him listed in the Yellow Pages, or drop us a line at the address below.

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Sound Off to the Editor

Has the Cold War Ended?

The Cold War began in 1945, the moment World War II ended.

Now, more than a quarter of a century later, it's time to ask: Has the Cold War come to an end?

Some events indicate it has, others that it has not. Ask 10 internationalists, diplomats or historians and chances are you'll get an even division of opinion.

In answering this month's Sound Off question, consider these points:

No ranking communist leader of any country, except President Tito of Yugoslavia, has ever given any indication that the ultimate aim of the communist movement is anything but global domination.

This is the first rule of communism.

The Soviet Union and China, leaders of the communist world, have not dismantled their agitation, propaganda and subversion organizations which were formed many years ago. They are still fully manned and equipped, still active in attempts to weaken the democracies.

Two of every three communist dip-

lomats have spying as their principal job when in the West.

Communist police still patrol the frontiers to keep their captive people in—and Western ideas and influences out. No Russian, Chinese, Czech, East German, Pole, Bulgarian, Hungarian, Romanian, Albanian, North Korean or North Vietnamese gets a look at Western life unless his masters wish it.

The Berlin Wall is stronger than ever.

Soviet submarines snoop off our mainland.

Cuba and Chile have gone communist.

The Soviets and Red Chinese woo other countries.

Both support North Viet Nam's war of aggression.

But on the other hand there is a persuasive argument that President Nixon's trips to Moscow and Peking thawed the Cold War. Unquestionably East-West relations, in the past six months, have been far friendlier than before.

The Great Schism in communism—between the Soviet Union and Red China—opened in 1956. Today it unquestionably has weakened Red solidarity and eased the attitude of Russians and Chinese toward us.

Some time soon, the United States and the Soviet Union will complete a huge trade agreement, and America is expected to give the Soviets the same "favored nation" treatment we extend to other trading partners.

Some say the Russians can't be the toughies of old, since they're letting tens of thousands of Western tourists into the Soviet Union every year.

Others point out correctly that the whole tenor of negotiations and talks between East and West are more cordial, cooperative and productive than they were even three years ago.

"This being so," they ask, "doesn't it follow that animosities are decreasing and the Cold War is over?"

Many other points, pro and con, are involved.

What do you think?

Has the Cold War ended?

Jack Wooldridge, Editor
Nation's Business
1615 H Street N.W.
Washington, D.C. 20006

Has the Cold War ended?

☐ Yes ☐ No

Comments:.....

.....

.....

.....

.....

.....

Name and title.....

(PLEASE PRINT)

Company.....

City.....

Sound Off Response

A Jaundiced Look at Clock Watchers

The "Sound Off" question "Is Pride in Work Declining?" apparently touches a raw nerve among NATION'S BUSINESS readers. Often in vehement terms, four out of five of those replying say it is. Some, however, see no real decline and a few can't quite make up their minds.

While there's a lopsided majority on the affirmative side of the question, asked in the August issue, there is no clear consensus on an explanation. Many blame labor unions. Others take management to task.

"Paternalistic" government, welfare, production pressures, technology, affluence and changing attitudes—particularly among younger workers—are other reasons advanced for what some call a "don't-give-a-damn" philosophy abroad in the U.S. work force today.

Many readers are irate about shoddy products or services.

"Nearly every item of clothing I buy needs repair after one wearing," writes Mrs. Elizabeth Glatfelter, a "frustrated" consumer from Minnetonka, Minn. "Buttons fall off, buttonholes unravel, seams disintegrate in the washer. Pride in workmanship? The only thing that doesn't fall off is the union label that is double stitched."

But Donald L. White, superintendent of Barstow College, Barstow, Calif., doesn't agree that pride *per se* has fallen off. "It's the work that's changing, not the amount of pride," he says. "It is increasingly difficult to define, identify and establish anything remotely akin to a product or creative result." Therefore, he thinks, pride in work is bound to undergo change—but not necessarily decline.

Conditions in the construction industry come in for a lot of complaint.

"As a builder and developer for 52 years it is rare for me to find a workman who is conscientious and takes

pride in his work," writes George C. Krewson Jr., chairman of Sunreco, Inc., New Smyrna Beach, Fla.

Earnest W. Maurer, chairman of the Maurer Co., Rochester, N.Y., writes: "Our labor is now between \$9 and \$10 an hour and each time a raise is granted, productivity goes down. What we really need in the construction industry is an honest day's work for a day's pay. However, I have great doubts that this day will ever come."

Explanations for the pride in work problem?

"The notion that some types of work are more noble or are 'better' than others" is a main reason, says Dr. Murray Goldman, president of Art East and West, Inc., Wayne, Pa. "People feel demeaned who have to do work that doesn't carry social prestige."

"The primary cause . . . is union control of most plants," says John T. Lunenschloss, president of Air-Lee Industries, Inc., Madison, Wisc. "It is no longer necessary for a man to do decent work to hold his job. . . . The relationship of achievement to personal betterment is no longer meaningful."

Such comments about unions echo again and again.

"Pride among union members, especially, is gone," writes William D. Smith, owner of K.G. & C. Truck Line, Hamilton, Ohio. "Why should they care about their work? They will get a blanket raise along with everyone else. The unions have taken incentive away from the working man. The dedicated employee is considered a 'square' in today's working world."

Business management comes in for its share of knocks.

"The decline is caused in large measure by the power of unions and our affluent society, but to a greater

degree by management's failure to give recognition and opportunities for advancement," writes Travis Keeton, district manager, Robertshaw Controls Co., Indianapolis, Ind.

Jules Rose, executive vice president of Sloan's Supermarkets, New York City, says: "Pride in work is developed by . . . management having pride in its product or service and explaining to employees why their product is important. Pride is developed or motivated, not born."

R.O. Foerster Jr., president of Consolidated Marine, Inc., Los Angeles, Calif., lays blame "equally" on management and unions in failing to create working conditions which "lend themselves to a positive attitude."

In a philosophical vein, L. Russell Cook, president of the chocolate and confectionery division of W.R. Grace & Co., New York City, wonders if "perhaps things have come too easily in our affluent society." He continues: "When a satisfactory level of material well-being is reached by a major segment of society with little effort, it is less socially honored and pride dwindles. Concomitantly, there arises the attitude that material things are so sufficiently available that excellence in their creation is no justification for pride."

"Pride is not declining," says Ed Scribante, president of Majors Market Research Co., Omaha, Nebr., "when top management is seeing that a sincere concern for employees exists."

An interest in "quality work plus appreciation for extra effort" helps raise pride, he says.

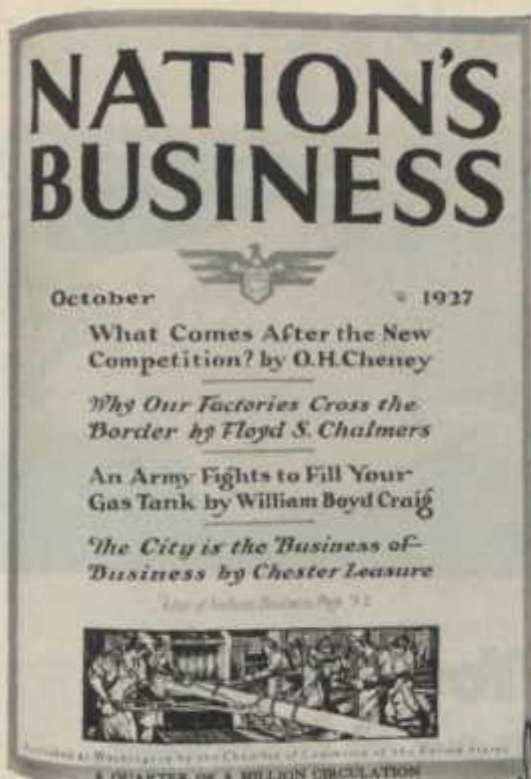
"In general, if workers show lack of pride, management is at fault for failing to provide elements of job satisfaction and less drudgery," writes Edward Toby of Industrial Specialties Co., S. San Francisco, Calif.

The Past Is Prologue

Forty-five years ago in Nation's Business

(established 1912)

Music Jumbo file



The Roaring Twenties. Booming business. Lucky Lindy.

Merle Thorpe, editor of NATION'S BUSINESS, reported in its October, 1927, issue that there had been a whopping increase in subscribers to the magazine, and month after month of advertising gains.

In the featured article, O.H. Cheney, vice president of American Exchange Irving Trust Co., New York, wrote about "What Comes After the New Competition." The answer to more intensive business rivalry, he inferred, was in more mergers, and in cooperative trade and industry associations. The old "individualist, go-it-alone, non-cooperator" thinking would no longer do, he argued.

The burgeoning growth of the oil industry was highlighted in another article. William Boyd Craig spelled out how "An Army Fights to Fill Your Gas Tank," telling the story of the tough competition and problems involved in getting the gasoline from the oil well to the "automobilist."

Elsewhere in the magazine, the early days of auto racing were detailed. "Yesterday's Races Made Today's Car" brought back the romance and danger of racing spoke-wheeled, smoke-belching antiques. "It cost more than thought and effort," author Chris Batchelder wrote. "It cost lives, for those who courted the Roaring Road found her a cruel mistress." But the racing also led to improvements in design and construction, he pointed out.

Businessmen of the 1920s were getting involved. One article told how, in a spirit of cooperation, Indianapolis executives took a hand in mapping out the city's financial policies and budgets. "The City's the Business of Business," the headline read.

A pictorial story illustrated how far the United States had moved economically from the turn of the century—then essentially an agricultural country, it was now one of the industrial powers of the world. Steam shovels, steel mills, huge cranes and power-driven conveyor systems had taken most of the "back-break" out of labor, it was reported.

A Canadian journalist looked at the phenomenon of American companies setting up plants on Canadian soil. He estimated, in an article the editors had entitled "Why Our Factories Cross the Border," that there were 1,400 U.S. firms with branches in Canada. The reason: "It is the system of preferential tariffs that is being built up in the British Empire," he said.

Staff writer Robert L. Barnes, meanwhile, was raking the U.S. Post Office over the coals with an article asking: "What Are Fair Postage Prices?"

There were Yankee gunboats plying Chinese rivers to safeguard foreign trade 45 years ago. In "What Gunboats Mean to China," Mason Lee wrote: "Chinese, more than Americans, are the ones whom our gunboats protect."



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Uncle Sam's Feverish Medical Spending

Washington is taking on a bigger and bigger share of the nation's burgeoning health bill; but are those billions of tax dollars being spent wisely?

BY REP. ROBERT H. MICHEL (R-ILL.)

From the way the highly emotional issue of medical care is being debated this election year, you'd get the impression the federal government is doing little or nothing in this field.

Proposals now before Congress would dramatically increase federal spending for health purposes. These costly plans include more than a dozen different suggestions for various kinds of health insurance.

Most assume, wrongly, that Washington has somehow shirked in this area.

So perhaps the most important thing is to obtain a proper perspective. Let's bring into focus the actual size of current federal spending on health care.

And, in doing so, let's bear in mind that the money to finance whatever we spend, now or in the future, can come from only one source—you, the taxpayer.

REP. MICHEL is the ranking Republican member of the House Appropriations Committee's subcommittee on health.

Money for a wide range of health programs is scattered through the budgets of many different federal agencies.

If you isolate all these programs and add them up, you'll find that an astounding \$26.7 billion is budgeted for federal health spending this fiscal year.

That represents an increase of \$5 billion in the last two years alone.

While the President has already vetoed one Congressional attempt to make the increases for this year even bigger, pressures remain strong on Capitol Hill for adding hefty sums to the health budget.

Where your taxes go

The Department of Health, Education and Welfare will spend most of the federal health care money this year—\$21.3 billion. Big chunks will also go to the Veterans Administration, the Defense Department and the Civil Service Commission—for federal employees' health benefits—and to other agencies.

Three fourths of HEW's share, about \$16 billion, will be spent on Medicare, Medicaid and related federal health service programs.

This year more than 95 per cent of all Americans over 65 will be enrolled in Medicare. Washington will pay 45 per cent of all their out-of-pocket expenses for health care. It will cost HEW an estimated \$10.4 billion.

Another 24 million persons will receive the same kind of benefits through Medicaid. Low-income families and others who qualify as medically needy are eligible.

Washington will pay 55 per cent of the total cost of Medicaid—or about

Uncle Sam's Feverish Medical Spending *continued*



President Nixon and Rep. Michel confer on trends in health care spending.

\$3.4 billion. States and localities pay the balance. And that's not the end.

In addition, about two thirds of all the money spent on health research in this country comes from Uncle Sam.

More than \$2 billion of federal money will go to the National Institutes of Health for medical research. It will be divided up among NIH's 10 individual institutes: allergy and infectious diseases, cancer, arthritis and metabolic diseases, eye disease, child health and human development, heart disease, dental research, environmental health sciences, general medical sciences, and neurological diseases and stroke.

Some of the money will also go to

the National Library of Medicine, medical manpower programs and a division of biologics standards.

And some members of Congress are trying to add \$200 million or \$300 million to the \$2 billion President Nixon asked for NIH.

The budget lists \$1.5 billion for training and development of dentists, doctors, nurses and others in the health field.

In fact, more than half the total income of the nation's medical schools this year will come from federal grants and contracts. A dozen separate federal agencies will chip in to pay for training there.

Lots of federal money will also go to build and, in some cases, staff

hospitals, nursing homes and community mental health centers, to combat drug abuse and alcoholism, to prevent poisoning from lead-based paint and to provide mental health services to children.

High and going higher

Congress is spending record amounts on health programs—this year, in fact, more than 10 per cent of the entire federal budget.

That's a far cry from just a few years ago when federal health spending was less than 4.5 per cent of a much smaller budget.

Washington is rapidly taking on a bigger and bigger share of the nation's health bill.

In 1965, of every \$7.50 spent for health care \$1, or 13 per cent, came from the federal government. By 1971, a mere six years later, the federal share had nearly doubled to 26 per cent, or more than \$1 out of \$4.

During the same six years, the nation's spending on health shot up from \$38.9 billion to about \$75 billion. That's an increase of almost 100 per cent.

But federal spending for health went up 400 per cent.

Now, in 1972, Washington will spend 500 per cent more than it did just eight years ago.

No one who has seen a doctor or visited a hospital recently needs to be reminded that the cost of health care is going up.

From 1966 to 1971, the Consumer Price Index for all items rose 25 per cent. But hospital daily service charges increased an astonishing 91 per cent and physicians' fees, 39 per cent.

So as part of the economic stabilization program, the Price Commission last December set a 6 per cent limit on increases in hospital charges and 2.5 per cent on physicians' fees.

But, as we have seen, Congress is placing few limits on health spending by the federal government.

I do not mean to imply that Congress and the Administration should not give top priority to health care.

That has been done.

As ranking minority member of the House Appropriations subcommittee on health, I'm especially aware of the critical need to move forward in such

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Uncle Sam's Feverish Medical Spending *continued*

areas as health research, disease prevention and control, health planning and delivery of services, as well as the training of medical personnel.

Pushing up health costs

But President Nixon has pointed out something of growing concern to those of us who have watched both federal and total national health spending increase at an explosive rate.

He said: "When the subject of health care improvements is mentioned, too many people and too many institutions think first and solely of money. . . . In health care as in so many other areas, the most expensive remedy is not necessarily the most effective one."

This concern has been underscored by our experience with the Medicare and Medicaid programs. The very real contributions they have made to meeting the health needs of the poor and the elderly have gone hand in hand with huge boosts in overall costs of medical care.

These increases have not only eroded the benefits under the programs themselves; they have also created additional financial hardships for all Americans.

What Washington did—with Medicare and Medicaid—was to vastly increase the demand for health care without increasing the supply.

Now it is trying to match the demand by spending more money to expand the health care system.

Washington is also trying to bring down medical costs by pushing preventive health care.

How well these costly new programs will work remains to be seen. It is too early to tell.

We still face the immediate problem of rapidly increasing medical costs, and the clamor to have Washington spend far more to meet them.

This approach is sometimes described as: "Dole out the dough and the problem will go away."

Who pays the bills for these free-spending schemes?

Sooner or later the money comes out of the taxpayer's own pocket, and that's the rub.

We tend to postpone the unpleasant. So it's not surprising that cost is barely mentioned in the current

debate over Washington's role in the health field.

If Congress' past record of facing up to tax issues is any indication, a bare mention is all that cost will ever get. At least, until we reach a day of reckoning on our mounting federal debt.

One of the least expensive of the health insurance plans introduced in Congress would add \$2.6 billion a year—a 10 per cent increase—to the \$26.7 billion Washington is spending now.

The most expensive plan would provide national health insurance for virtually all Americans at a cost of more than \$60 billion a year! That plan means that, as early as July, 1973, \$4 of every \$5 spent on doctor bills, hospital bills and other health costs would be paid by the U.S. Treasury—out of the taxpayers' pockets.

Some suggest that we finance these schemes by cutting back on military spending once we get out of the Viet Nam War.

This so-called peace bonus, however, has already been committed to new or expanded domestic spending programs, as a Brookings Institution study has pointed out. It will be the source of few, if any, funds for costlier federal health plans.

Unlike tax credits, or other steps to stimulate the economy, federal spending for most social programs generates no new income to offset the tax burden it creates.

In addition, each new health service handed out by Washington tends to become a fixture. When new programs are introduced, the old are seldom phased out, no matter how ineffective they may be—especially if they serve a vocal constituency.

With the prospect of more federal spending on new and existing health programs, we must do two things:

Face up to the fiscal realities.

Evaluate the effectiveness of our present efforts.

What money won't buy

We must recognize that it is counterproductive to pour massive amounts of federal dollars into programs—however popular they may be politically—which will further overload our existing health care system

and stimulate the inflationary cycle we so desperately need to control.

Also, more research funds will accomplish nothing in fields where research technicians are not available. Just as additional money for disease control will achieve little, if the basic approaches being used are not effective.

It's not just a question of saying "spend" or "don't spend." We have pressing national health needs to

How federal spending for health care has grown

Year	Total federal outlays for health purposes
1965	\$5.2 billion
1967	\$10.8 billion
1969	\$17 billion
1970	\$18.5 billion
1971	\$21 billion
1972	\$24 billion
1973	\$26.7 billion*

**Total of health items in President's budget for current fiscal year*

meet and neither of those two extremes will solve the problem.

We have to know precisely what our federal dollars are buying. Is what we are buying really relevant to our needs? Is it contributing to better health care? Or is it bringing us higher costs and a less effective system?

We must answer these questions. And, finally, we must also try harder to look at the total picture of social needs in this country.

Health care is only one of the domestic challenges we face. Our health needs are important, but they must be balanced with other priorities.

Unless we do this, we may never come to terms with our financial ability and our national will to meet those challenges. **END**

Two Businessmen, Two Views

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Two Businessmen, Two Views

Why I'm Voting for NIXON

By Gerhard D. Bleicken, chairman
and chief executive officer, John Hancock
Mutual Life Insurance Co.



In my opinion, President Richard M. Nixon has given this nation and the world dramatic, intelligent, sensitive and firm leadership. Many tasks he has started have been brought to fruition—others should be completed. I shall vote for him for many reasons.

To anyone who manages a project, be it business or charity or civic, the ability to choose good assistants and assign them tasks they can do is vital. This is one major reason for supporting Mr. Nixon.

In his Cabinet choices, in choosing Cabinet aides and in his appointments to the White House staff itself, he has obtained the services of an exceptional group of proven administrators and intelligent staff people, many of whom I have known and have had a chance to evaluate over the years. With their combined thought and counsel, he has diligently sought to move this nation and the world closer to a lasting peace.

President Nixon is on top of our domestic and international problems.

It was my privilege to serve with Richard Nixon in the Navy in World War II. I regarded him then, and regard him now, as a highly sensitive man, a leader of thought, of discussion and of men.

Like others who took part in that world struggle, he was deeply concerned with the awesome aspects of war and its cost in life and human misery.

That concern has evolved into thoughtful action. Where others talked about Red China, he has actually met its leadership face to face. The first positive steps have already been taken on the still-long journey to end the isolation and lack of understanding between that vast nation and this—so filled with danger for us both.

It has not stopped there. Other nations and their leaders, including those of the Soviet Union, have been personally consulted.

The work so auspiciously begun should be carried out. In Viet Nam, American troops have been almost completely withdrawn. More soon will come home.

Remember that the commitment to support South Viet Nam and other nations in that part of the world was an inheritance of the President when he took office. The fanatic holocaust of invasion, of guerilla atrocities and mass murder was already raging. That fire still feeds on dreams in North Viet Nam of empire and raw conquest, whatever the ideological trappings.

Simply to run from a fire without being sure those left behind can control it would only mean fighting the fire elsewhere. It would abandon American prisoners of war rather than bring about their ultimate return. I believe the course the President is taking is the preferable one, based on the fullest intelligence and appreciation of all the facts. A decision to cut and run would actually magnify the problem.

Other problems abroad cannot be lessened by vacillation. Indeed, our support of Israel has held the Middle East balance. There has been a Russian exodus from Egypt. Strong Nixon staffing, hard work and good decisions have helped to stabilize the situation.

Within the United States, problems have certainly not disappeared. However, courageous new economic initiatives are being taken. They need time for full effect, but already the wage and price guidelines have slowed inflation. Few of us relish controls, but what would have happened without them should give anyone pause. The housewife's budget is still strained, but it is not the disaster it might have been otherwise.

Many have said that federal income tax revenues should be shared without strings with crumbling, fiscally plagued municipalities and states. The President, however, put forward a real revenue sharing proposal. The howls from some in Congress were almost deafening, but the once-strident *(continued on page 32)*

Why I'm Voting for McGOVERN

By Roger P. Sonnabend, chairman
and chief executive officer,
Sonesta International Hotel Corp.

Shaw

Surely, it has never been more tempting for members of the business community to ignore the fundamental issues of an election campaign. The light at the end of the tunnel gleams bright: The recession is ending and corporate profits are on the rise. Executive compensation is high. Taxes are still bearable. Suburban life remains relatively secure.

Indeed, many of us have never had it so good. Why rock the boat?

Lulled by a sense of well-being, we see ourselves as insulated from the concerns of our fellow citizens. Of course we want the war to end, and realize that no honor remains to be salvaged from it. We know that our welfare system is a wasteful shambles and needs drastic reorganization. Too, we worry about our national debt, the sudden appearance of a substantial trade deficit, ballooning Pentagon expenditures. We have noticed the ominous conjunction of spiraling inflation and unemployment, and know that our dollar is still vulnerable.

Yes, we do worry about these symptoms of national malaise, now and then. But we like to think of them as temporary dislocations, surface wrinkles to be smoothed away by the rising tide of corporate profits.

Such an attitude is dangerously shortsighted. Since the death of President Kennedy, it seems to me, America has suffered from an ever-deepening sense of moral exhaustion, and this malady now pervades virtually every facet of our national and communal lives.

During the past near-decade, we have dissipated our wealth and energies in what we now recognize as a cruelly futile military intervention in Asia. At home, criminal violence has leaped from our television screens to gnaw at the fabric of our existence. Riots erupt in schools, in prisons, on the streets. Drug abuse menaces us all. Our social classes are deeply divided; alienation, cynicism, callousness are widespread. Our own sons



and daughters are frustrated, impatient of inequities and often unable to find meaningful jobs.

If ever there was a time for reconciliation, it is now. This is a time to reach out and include our youth, our poor, our minorities—all the alienated segments of our population—within our political system. I saw George McGovern do this during the primaries. This task cries out to be accomplished on a national scale. This is one reason I will vote for George McGovern in November.

I agree with George McGovern that we must withdraw from Viet Nam immediately, and cease the inhumane and counterproductive bombing of that country. To call this move dishonorable indicates how tragically warped the notion of honor can become.

Certainly, America must remain strong and vigilant. Certainly, we must not retreat into isolation, but must live up to our commitments in Europe, the Middle East and elsewhere. But I agree with George McGovern that America has not been fulfilling its commitment to its own people.

While an unprecedented number of Americans are very comfortable today, the gap between wealthy and poor has grown far too wide. Theft, violence and despair, those ageless afflictions of the poor, have even begun to infect the middle classes. I refuse to believe that, with our great wealth, we are unable to offer every citizen a decent way of life.

Sen. McGovern's priorities are my priorities; they should, I believe, be those of every American. Money invested in education and health facilities, in housing, in transportation, in improving the environment will not only enhance the quality of life for all Americans but will provide jobs and add to our country's prosperity. Thus, too, we may help our disadvantaged help themselves.

My taxes may rise; so may (continued on page 32)

Why I'm Voting for NIXON *continued*

voices in Congress are quieter. Revenue sharing may not cut local taxes, but it will certainly flatten the upward spiral.

Scores of other innovative programs have been developed by the Nixon Administration.

Improvements have been made in health, welfare, education and Social Security. Practical programs dealing with the problem of blacks, other minorities and the inner city are under way—with emphasis on results rather than rhetoric. Our water and air are not yet pure, but the agencies, laws and programs are being established to help make them so.

Meanwhile, business has the confidence it had lacked, which should lead to the creation of more and better jobs. At present, no apparent unbalanced, unrealistic programs are threatening the economy with severe unemployment and depression.

In President Nixon, we have a great Chief Executive who has faced the nation's problems over the last four years with insight and courage and who has made great strides in solving them. Our best hope for world peace and the greatest possible domestic tranquility lies in a continuation of the present Administration. **END**

Why I'm Voting for McGOVERN *continued*

those of my corporation. I consider this a small price to pay for an open, responsive Administration in Washington. It may be the best investment my company and I will ever make.

It is axiomatic that, in the long run, what is best for America is best for business. Business can only continue to prosper in a just, nonviolent America. More important, that sort of America is vital to our personal happiness and security, and to that of our children and grandchildren.

The candidacy of George McGovern gives us a chance to create just this sort of America—not by instituting more repression, but by offering the disenfranchised meaningful employment, adequate housing, quality education and a voice in our country's future.

The abiding strength of the democratic system is its ability to cleanse and renew itself, to change direction. I am voting for George McGovern in the hope that, under his leadership, we will recapture the strength of character and the vigorous purpose we seem momentarily to have lost, and learn to temper our great wealth with an equal amount of social justice. **END**



How to Listen

The newspaper cartoon shows a husband and wife watching a political candidate speaking on television. The wife's comment: "If he meant what I think he meant, I'm glad I didn't understand it."

She is not alone in her confusion.

Millions of dollars and thousands of man-hours will be spent in the remaining weeks of the 1972 political extravaganza not only by the nominees for President, but by seekers of Senate, House, and a host of state and local posts as they try to communicate with us.

Although many candidates are trying to state the issues and their positions clearly, the issues are not simple and the speakers are not unbiased. It is difficult to make sensible comparisons and judgments. But it is vital that you do. You—most likely a thought leader in your community—must be fully informed not only to exercise your own voting privilege but to guide others.

Reform in political communication was called for by then-Democratic

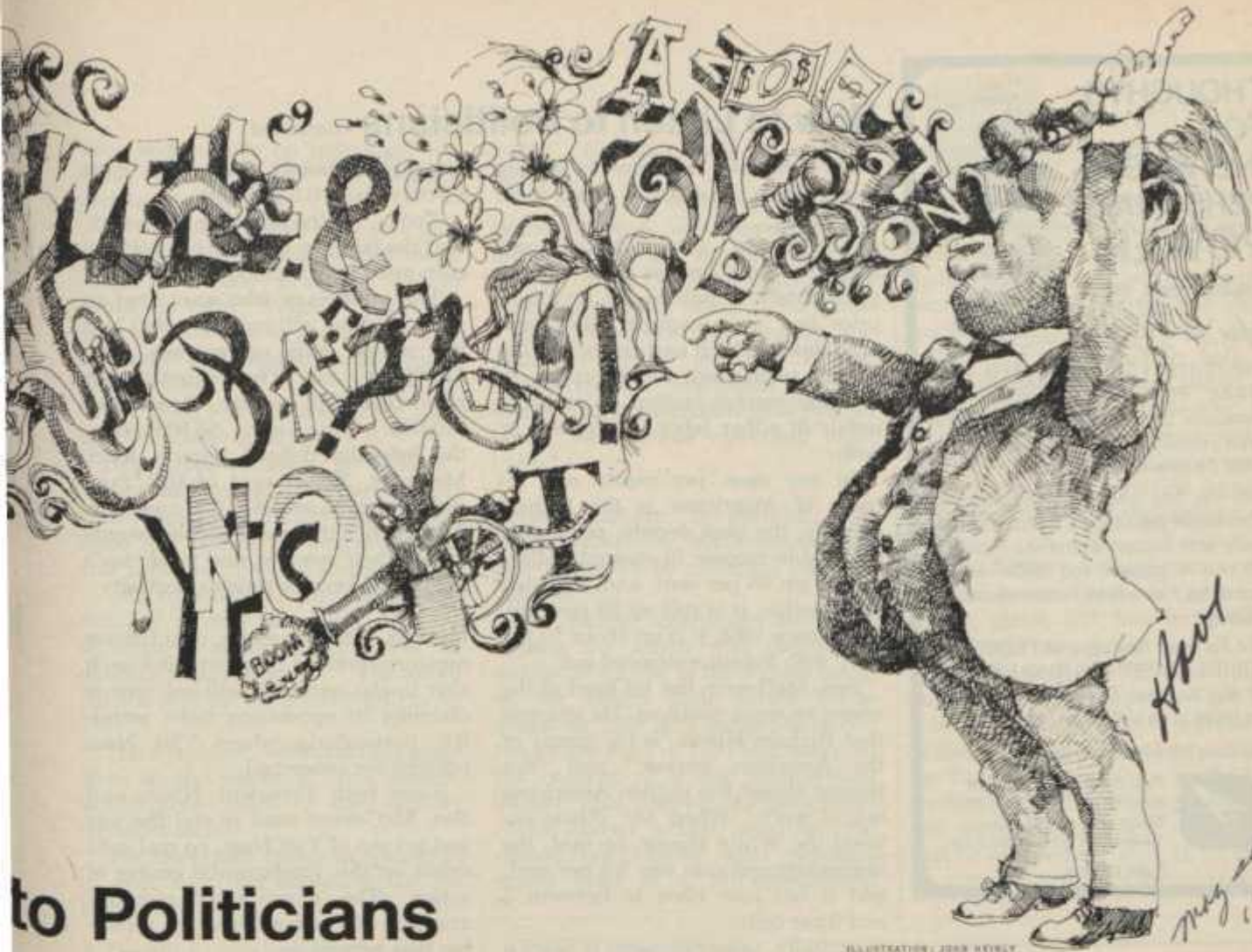


ILLUSTRATION: JOHN HEALY

to Politicians

Chairman Larry O'Brien in his address to the National Convention. "I think it comes down to this," he said. "Do we have the guts to level with the American people? . . . We begin, I believe, with a few simple steps: We cool the political rhetoric. We lighten the purple prose. We do not promise what we know cannot be delivered by man, God or the Democratic Party. . . . We must tell them the truth."

But the rhetoric and the promises from both parties continue. And even the most thoughtful voter needs perspective and factual scales on which to weigh what he hears and sees.

Although a carload of issues are being debated on national and local levels, most major concerns of the '72 campaign can be categorized under four key topic areas:

1. **Standard of living.** This involves a number of factors including such wide-ranging subjects as inflation, unemployment and the state of the economy.

2. **Morality.** This centers on the war but includes individuals' rights and even whether man is violating his environment.

3. **Reform.** The struggle over taxes and welfare and how our revenues and riches are shared.

4. **Alienation.** What people are unhappy about, from sex customs to "the system."

In the battles for office, the ammunition often consists of statistics. It's best to remember that figures can lie. They can be as tricky as such subjective terms as "progress," "equity" and "security."

Standard of living. How well we live depends, of course, on how well we are able to meet our own standards of needs and desires. Politicians typically try to relate the strengths and weaknesses of the economy to individuals' well-being or lack of it. This campaign, however, has its own peculiarities.

On one side you hear charges that

the economy is in disarray. On the other, you hear glowing appraisals of the economy's health. Who is right?

Businessmen are being told that if Democratic nominee George McGovern is elected, the Dow-Jones industrial stock average will plunge to 500. But Sen. McGovern has said: "The business community always has the jitters before the Democrats are elected, and they always do better after the election than they did under the Republicans."

As every businessman knows, economic systems do not follow a steady growth pattern. They have their fits and starts like everything else. The inconsistencies of our economy enable politicians to demonstrate almost anything they wish by picking the statistics or time period that proves a point.

But the fact is that economic growth, which has averaged about 3 per cent a year over the long run, is now moving at an annual rate of about 11 per cent, or nearly 8 per cent with inflation removed. Almost

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How to Listen to Politicians *continued*

every economic indicator is setting new records, showing a boom is in full swing.

The Nixon Administration can brag that inflation has been cut approximately in half in the period of price and wage controls. But some candidates of both parties deplore the federal restrictions as disruptive to the free market system or as being unfair to either labor or business or both.

In any case, per capita real income of Americans is the highest ever. In the past decade, per capita disposable income in current dollars moved up 68 per cent, and, adjusted for inflation, it is still up 32 per cent. Even since 1968, it is up about 10 per cent, with inflation stripped out.

Sen. McGovern has hit hard at the unemployment problem. He charged that Richard Nixon "is the enemy of the American worker," and "has thrown almost five million Americans out of work." When Mr. Nixon entered the White House, he said, the unemployment rate was 3.5 per cent, and it has now risen to between 5 and 6 per cent.

Actually, unemployment is down a bit from what it was earlier in the year, though it is still above the long-term rate. Over the past half century, in years when business was good, unemployment averaged 4 per cent of the labor force.

However, one factor little if ever noted in the arguments over unemployment is this: Of the approximately five million jobless, nearly two million are people who either left their last jobs voluntarily or had never worked and were trying to enter the work force for the first time.

No candidate is in favor of unemployment. It is often tragic for a family. But we will never completely eliminate it. There always will be some people who are changing jobs, are too inexperienced or are looking for "that perfect job."

Of particular interest to business people are charges leveled against profits—or "fat profits" as they are termed in the lexicon of politics.

Some candidates exclaim that profits are \$10 billion above their 1970 recession low, but this doesn't mean profits are bloated. Since 1966, while personal income has risen about 50

per cent, corporate profits have gone up only about 0.5 per cent.

Today, for the first time in history, half the families in the United States earn more than \$10,000 a year.

The politicians who want that to seem piddling will point out that half the nation still makes less than \$10,000 a year. The optimists can note that half makes more than \$10,000 a year—some \$6,000 above the federally defined poverty level. Moreover, 25 per cent of U.S. families now earn over \$15,000 annually. The catch is that most people's wants exceed their incomes, and yesterday's luxury has become today's necessity.

Morality. There are no quantitative measurements of morality. But each side in the national political race is claiming its opposition lacks morality, particularly where Viet Nam policies are concerned.

Since both President Nixon and Sen. McGovern want to end the war and get out of Viet Nam, no real split exists on this fundamental course of action. The question of morality arises in the sub-policies for attaining that general goal.

Mr. Nixon has said: "It would be the height of immorality for the United States at this point to leave Viet Nam, and in leaving, to turn over to the North Vietnamese the fate of 17 million South Vietnamese, who do not want a communist government. . . . That is the only issue left."

Sen. McGovern's position, on the other hand, is that it is the height of immorality to continue the bombing and killing just to keep out the communists, and it is immoral to support the "corrupt" Saigon government.

The "military-industrial complex" is seen by some candidates for national and state office as a sinister conspiracy which robs the country of its wealth and resources and drains revenue away from programs for the needy.

Still other office-seekers charge that the nation's natural resources are being despoiled by industrial pollution. Others claim that white racism is trying to block busing for school integration. And finally, some decry what they see as a neo-fascist attempt by government to invade pri-

vacy and intrude on individual liberties through secret surveillance, such as wiretapping.

An old country politician once purportedly lived by what he said was a simple and easy principle: "If in doubt, do right." What is "right" or "moral," however, is not that easy to determine when applied to such questions as these.

Let's look a little closer at the military-industrial question.

How strong a military do we need?

Sen. McGovern has charged that since World War II, "We have spent some \$1.1 trillion on weapons, plans and programs for the armed forces. . . . In combination with the federal military payroll, the arms industry accounts for nearly 15 per cent of the nation's labor force. . . ." He would cut the defense budget \$32 billion by 1975.

The President, while making giant steps in the realm of arms control, would keep much of the military structure as is.

The important things to remember in analyzing this aspect of the political debate are:

1. Deciding how much defense is needed is like deciding how much life insurance you should have. You don't need it unless you die.
2. The so-called military-industrial complex is not a separate, unconnected entity that can be dealt with independent of other parts and pieces of the economy. It exists in every state—in over 5,000 communities where there are factories and businesses of 22,000 major defense contractors and 100,000 subcontractors. In addition to men in uniform, 1.2 million civilian employees of the Pentagon and more than seven million other workers are part of the complex. Unemployment could be boosted sharply and the whole economy of some cities could be crippled if drastic cutbacks are made abruptly.

Or to examine just one other of the issues, lumped here into the so-called moral category, take the environment. Opponents of Nixon policies can charge that the President has been against a strong clean-water bill. But supporters can point to the Administration's creation of a tough-

acting Environmental Protection Agency.

No one is for ecological rape, nor against a clean, wholesome environment. But to get specific, take an electric utility company which wants a new generating plant. It may face a wall of opposition against the plant's potential polluting effects. Yet, would the opponents want to live without air-conditioning, street lamps, elevators or operating room lights?

Reform. Reform, in political year 1972, centers on tax revenues and how they will be collected and distributed.

The central instrument for determining the inflow and outflow of money, of course, is the federal budget. Mr. Nixon came to the White House in 1969 as a budget-balancer, but by the start of 1971 had accepted the concept of a full employment budget. This meant that expenditures could exceed actual revenues but should not exceed what revenues would total in a full-employment

economy. However, the red ink has overflowed even this concept.

The budget has been deeply in deficit for three years and could be \$30 billion to \$40 billion short of balancing by the end of the current fiscal year, thanks partly to a generous Congress.

With this as a backdrop, both political parties are talking about tax reform, and Sen. McGovern has urged what some consider radical redistribution of the nation's wealth through tax and spending changes and a revamping of the welfare system.

The Nixon Administration has avoided being specific about its tax reform plans, but has indicated it would not raise taxes overall. The Democrats jeer that this is trying to pull the wool over voters' eyes.

Sen. McGovern first proposed a \$1,000 "demogrant" to everybody in the United States, which would have cost more than \$200 billion. But this met with such a storm of criticism that he dropped the idea. In its place, he put forward a National Income

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How to Listen to Politicians *continued*

Insurance Program to create public service jobs for those who can work, a \$4,000 minimum income for families on welfare, and an expanded Social Security system.

He has estimated the cost of his revised welfare plan at \$14 billion above the current \$7 billion annual federal welfare bill.

On the tax front the Senator would extract an additional \$12.6 billion from individuals and \$9.4 billion from corporations.

"Money made by money should be taxed at the same rate as money made by men," he says. To implement this philosophy, he would tax capital gains income at the same rate as other income, wipe out percentage depletion allowances for the mineral industries, repeal liberalized depreciation rules for business equipment, tax gains on property passed on to heirs, and end many other tax preferences. But he would lower the top individual income tax rate from 70 per cent to 48 per cent.

Under his plan, he says, "No American whose income comes from wages and salaries will pay one penny more federal taxes than he does now." Unless, of course, that American also happened to benefit from those tax preferences Sen. McGovern would take away.

Redistribution of the wealth is not a new idea. The general goal of government policy—from progressive income taxation based on ability to pay to Social Security to welfare to the network of the poverty programs enacted in the past decade—has been to take from the "haves" and give to the "have-nots."

The Administration also has a Family Assistance Plan to give any needy family up to \$2,400 a year. But the Senate has been sitting on it.

"Rich" businessmen and "rich" corporations always have been political targets. Much of the campaign rhetoric has about as much substance as cotton candy. Sen. McGovern says, for example: "Corporations take deductions for executive jets, executive retreats in exclusive resorts, executive sales conferences in European capitals, executive lunches in gourmet restaurants. A factory worker can't deduct the wax paper on his ham sandwich."

Everybody spots this as the kind of appeal to the emotions that creeps into any election campaign. Vice President Spiro Agnew uses it—he says the Democratic Party is now "controlled by an ideological elite."

What should be of more concern is the serious and determined drive by any candidate to destroy sensible tax incentives that have carefully been built into our tax structure over the years, or to create the impression that corporations and the well-to-do are deep reservoirs of revenue potential.

Corporations are only abstractions. An increase in taxes on them is an increase in taxes on people—stockholders and those who buy from the corporations. And if all the dividends paid to all the 31 million individual stockholders, to pension funds, mutual funds and any other institutions, were seized, it would raise revenues by only about 10 per cent.

It should also be recognized that in any massive redistribution of the wealth, middle-income Americans will suffer, since they earn most of the income. [See "The Big Tax Reform Myth of 1972," *NATION'S BUSINESS*, September.]

Tax provisions that allow different treatment for some taxpayers have been not loopholes but, in fact, relief or incentive amendments deliberately enacted to keep high rates from being too burdensome for some taxpayers or to encourage such economic necessities as saving or investing to furnish funds for productive facilities. New facilities mean more productivity to counter inflation.

As for redistribution of wealth, when it comes right down to it the greatest redistributor and disperser of wealth is the American enterprise system.

Alienation. "A thunder of discontent" is rolling across America, declared Florida Gov. Reubin Askew in his keynote address to the Democratic Convention. No one would deny there is dissatisfaction abroad in the land.

But what are the sources of the malaise and who is unhappy?

Obviously, the war in Viet Nam is a source of much discontent and alienation among some of the youth. Candidates who exploit this issue

find support among 18- to 25-year-olds, many of whom are eligible to vote for the first time.

Other candidates are making special appeals to older citizens to offset the new youth vote. Discontent may be just as strong, if not as vocal, among the elder set—who are as disturbed about abortion, amnesty and "acid" as some youngsters are about the Establishment, ecology and ethics.

The "out" candidates must always enlist the dissatisfied, if not sow the seeds of dissatisfaction, while the "ins" try to cast a rosy haze over the whole landscape.

Some office-seekers depict the nation as morally and intellectually bankrupt and see some members of the public as disenfranchised and working for slave wages. Other candidates believe there's something more to the American way of life than smoking pot, aborting babies, having homosexual affairs and receiving a payoff from their fellow citizens for doing nothing.

While prosperity has never been so prevalent in America, it is still true that if you are black the odds are one in three that you live in poverty.

If you are a woman working full-time, you can expect to earn about \$4,000 a year less than the average male. So, certain candidates will point out what they see as legitimate grievances against the system.

But it's not just the traditionally disadvantaged who are unsettled today. For the first time in history a large segment of the population is well enough off not to have to worry about needs that burdened preceding generations. Concerns about the work and family have been exchanged for concerns about self and society that have led to actions ranging from violence and taking drugs to espousing new philosophies and values.

The alienation issue is as old as political parties and as new as tomorrow's "high." Certainly no candidate has all the answers. But it seems likely that the politicians who will serve the nation best are those who view dissatisfaction as a healthy condition if it is the spur to make men strive for higher standards for themselves and their communities.

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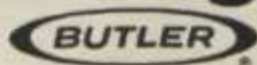
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John T. Connor of Allied Chemical

Handling tough chores deftly

In 1967, John Thomas Connor took over what was described as a "wheezing, chemical giant."

Allied Chemical Corp.'s debt was mounting and its profit margins were shrinking.

As president and chief operating officer—his titles became chairman and chief executive officer a year later—Mr. Connor had his work cut out for him.

Now, in the opinion of his peers, he has turned Allied around.

"What he did," says a board member, "was improve the management and provide new leadership. In addition, he made Allied more of an energy company—rather than exclusively chemical. He also moved swiftly to sell off several losing ventures and shut down marginal operations."

Now, Allied's debt is down \$50 million. Its profits, after hitting their lowest point in decades in '68, have been showing a seesaw upward pattern. The company's newly emphasized energy business contributed more than 40 per cent of its profit last year.

This is not the first time, in a long career, that Mr. Connor has handled tough situations deftly.

He let Lyndon Baines Johnson

persuade him to become Secretary of Commerce. Then, when it seemed clear LBJ sort of hoped for a yes-man, he resigned—but let the President off the hook by exiting gracefully.

Today, the tall, trim, ruddy complexioned executive lives in a sprawling house on Blue Mill Road near Morristown, N.J., in an area of rolling hills and big estates.

He directs the affairs of Allied Chemical from a second-floor office in the company's sprawling headquarters complex at Morris Township, N.J., although he also spends some time in Allied's Manhattan offices.

The Connors have three children—John Jr., 31, a graduate of Harvard Law School, like his father, and now an official of the Pay Board in Washington; Geoffrey, 25, a law student at Harvard; and Lisa, 22, who's studying for an M.B.A. degree at Harvard Business School.

Born in Syracuse, N.Y., 57 years ago, Mr. Connor has been a Wall Street lawyer, a wartime federal bureaucrat, a Marine combat intelligence officer and head of a big pharmaceutical drug firm, as well as a Cabinet officer and chairman of Allied.

In this interview with a NATION'S BUSINESS editor, he discusses his life and some of the things he learned along the way.

What was growing up in Syracuse like?

It was a very pleasant, uneventful kind of boyhood.

We lived in Strathmore, then a brand new subdivision, an open spot sitting on the edge of town, near Bellevue Country Club.

We had lots of outdoor space, and lots of kids living in the neighborhood. We had five in our own family. I was the oldest.

I made some good friends there, who are still good friends today.

Any whose names I'd recognize?

Well, Father Ted Hesburgh, president of the University of Notre Dame.

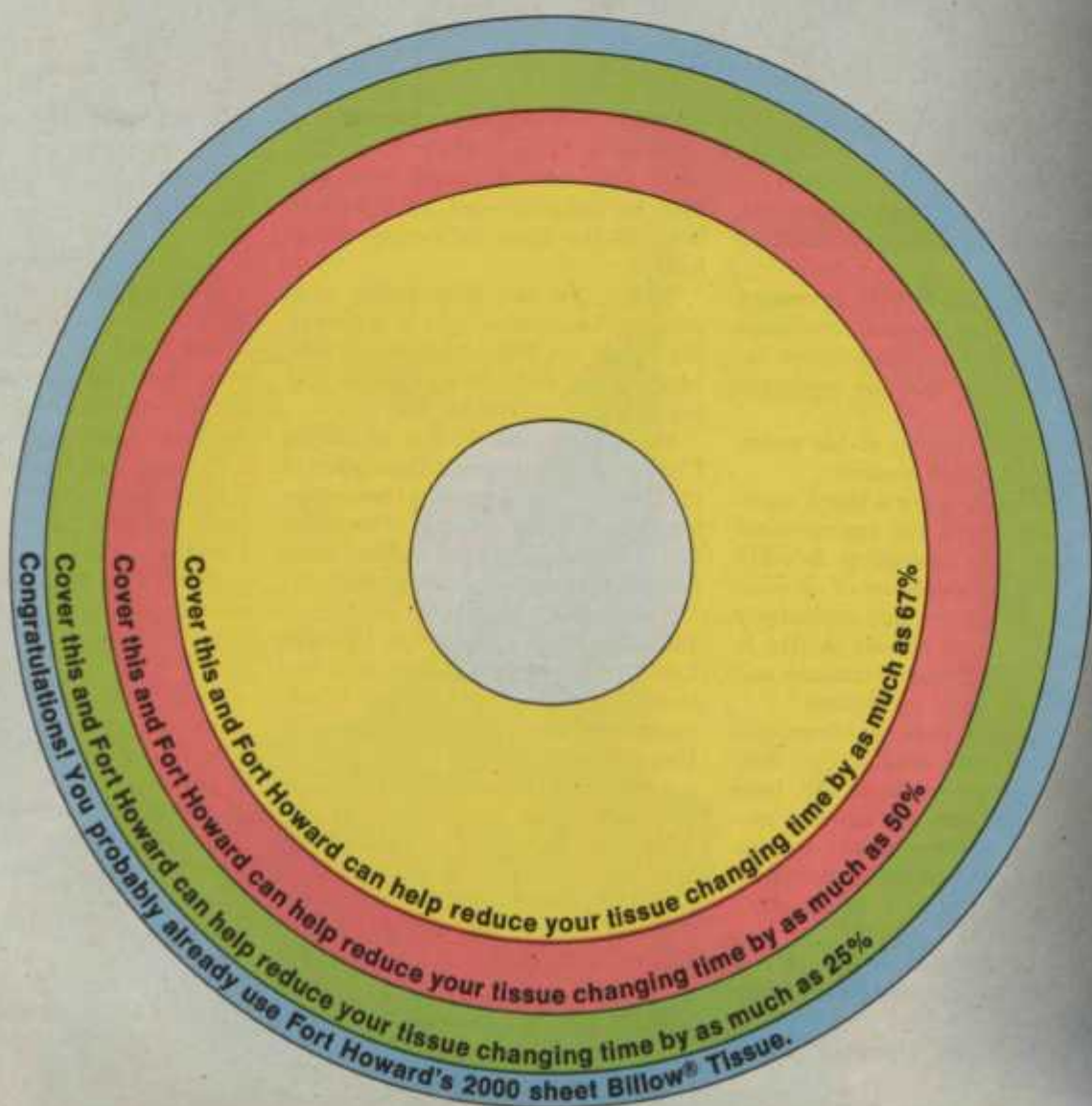
He and I used to walk to Holy Rosary school together. It was a parochial grammar school and high school, about a mile from where we lived.

Since we went home for lunch, we made that trip four times a day.

We had tough winters in Syracuse. It was a long walk then.

It's quite a coincidence that both of

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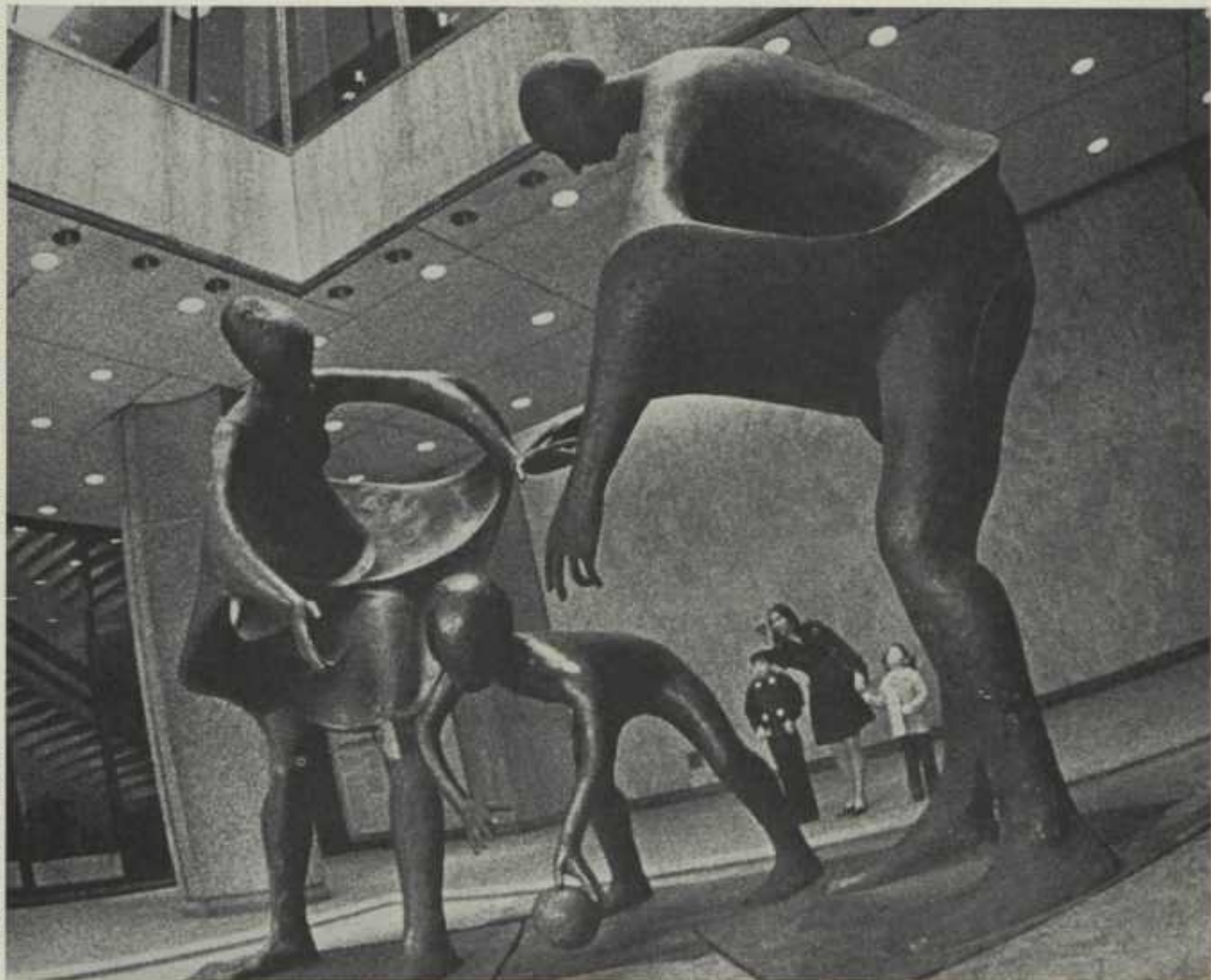
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John T. Connor *continued*

think it was probably true in a city like Syracuse then. But times have changed materially.

What business was your father in?

He and a partner owned the Onondaga Oil Co. It had several gas stations of its own and leased some others. But mostly the business was selling gasoline to independent stations and fuel oil to business firms and homes.

Why did law appeal to you as a career?

It requires study, and I enjoyed studying. It requires the ability to express yourself orally and in writing, and I enjoy that. It also requires relationships with people, and I have always enjoyed working with people.

All in all, it seemed like an interesting kind of life.

Was Harvard Law School tough?

Yes, it was very competitive. We knew that 30 to 40 per cent of the freshman class would be washed out.

My first year there was probably the most important of my life. It was my first year away from home, and the world of a Harvard Law School student was so much broader than the world of Syracuse University. It was really quite a shock.

I had graduated magna cum laude from Syracuse, and had been a member of Phi Beta Kappa and I was somewhat proud of my scholastic achievements. Yet everyone I met at Harvard had equaled or bettered that.

So it gave me a completely different perspective on myself and on the world.

Did you live on campus?

Yes, the first year, in a dormitory. Then four of us took an apartment for the next two years.

One of my roommates, John O'Boyle, became case editor of the "Harvard Law Review." Another, John Floberg, was also an editor of the "Review." So my third roommate, Bob Young, and I had the advantage of living with two of the brightest and most advanced members of our class.

There was one other advantage.

O'Boyle had his sister, Mary, visit him from Manhattanville College in our senior year, and I had a blind

date with her. I took Mary to a dance at the Copley Plaza. Subsequently, we were married.

Did you ever make the "Harvard Law Review"?

No, but I qualified for one of the honor groups called the Legal Aid Society. It was an organization sponsored by the Harvard Law School to provide legal help for people who couldn't afford to pay for it.

I was sort of on the borderline for qualifying for one of the top New York law firms.

And that's where you went after graduation?

Yes, to Cravath, DeGersdorff, Swaine & Wood.

Were you pretty busy there?

Oh, that firm had the reputation of being the hardest working firm in New York. Lots of time we burned the midnight oil.

This was rather puzzling to my wife.

She was a young bride coming to New York from Milwaukee, where her father had a private law practice and was corporation counsel of Milwaukee County. He was a very prominent fellow.

As she put it: "My father, who is a successful lawyer, was always able to be at home for dinner and spend the evening with his family. Here you are, a young lawyer, and you seem to have to work most nights and many weekends."

"Are you a little slow? Are you getting along all right?"

Of course, working late and long was the way of life in that firm.

When did you go to Washington?

In 1942, after Pearl Harbor, I felt I should get into some activity connected with war work. By that time, my wife and I had one child, and it was unlikely I would be drafted for a couple of years.

I wound up talking to Dr. Vannevar Bush, director of the Office of Scientific Research and Development. Its job was to find out from the military what their needs were and to get work started on them. I was fascinated by his description of what OSRD was doing.

It was a unique war agency whose

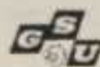
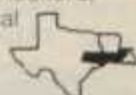


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"The President and I," says Mr. Connor, "didn't hit it off too well. I am sure he had many disappointments in me, because I wasn't the devoted, loyal supporter on all issues."

John T. Connor *continued*

research led to many new weapons—including the atomic bomb.

He needed a general counsel and I was hired.

Why did they need a lawyer in OSRD?

Dr. Bush purposely kept the staff in Washington very small.

Research was contracted out to organizations that had the experts in a particular field.

Some were academic, like Harvard or Columbia. Others were business organizations, like GE or Jersey Standard.

When OSRD turned over its atomic research to the Manhattan District, which was set up to tackle the engineering problems, I helped with the contractual arrangements.

What was it like, working with those scientists?

I was very interested in what they were doing.

I used to joke with them, saying: "Even though I'm a neophyte in the very advanced fields you work in, you'll have to explain at least what your objectives are so I can understand them, because I've got to write it all out in a contract in order for you to get paid."

OSRD stimulated my interest in scientific activities. It was certainly

one of the reasons why I went with Merck & Co. after the war.

Weren't you in uniform before that?

Yes, in 1944, I got a commission as an air combat intelligence officer in the Marine Corps.

Why the Marine Corps?

I felt it was the best, and I wanted to be in it. I think Marines are rightfully proud of the Corps, but I admit they can be pretty obnoxious when they compare it with the other services. One of the worst is a Texas Marine.

But even worse is a Texas Marine who's a graduate of Princeton.

Where did you serve?

I wound up as assistant intelligence officer with the Fourth Marine Air Wing. Its headquarters were at Kwajalein in the Marshall Islands.

There I was, in the backwash of the war, until V-J Day.

Anything exciting happen?

Well, when the atomic bomb was dropped on Hiroshima, my boss got the message and rushed it to the brigadier general who commanded our air wing. He came out shaking his head, saying: "Can you imagine that? I don't know what to do!"

I said: "What's the trouble?"

He said: "The general refuses to believe this message. He says no bomb can be that powerful. He told me to get the message corrected."

I said: "I happen to have some background on this. I handled the legal work for the scientists who developed this bomb. Let me explain it to him."

I did, and I thought I was quite persuasive. But he was still unconvinced.

How did you happen to go to Merck & Co.?

George W. Merck, the president, had been director of biological warfare for the Army. So he was closely associated with Dr. Bush and OSRD.

I got to know him, and some other Merck people.

Then, when I left OSRD, Dr. Bush had a little farewell party for me in his office. He drew me aside and said:

"You know, what you want to do is go out and let the Japanese shoot you in the left heel. Just a minor scratch, so you'll get discharged from the service, because George wants to talk to you about going to work for his company."

What did you do at Merck?

I became general attorney and secretary there in 1947, then vice president in 1950 and president and chief executive officer in 1955.

How did a lawyer become president of a pharmaceutical firm?

It was an unusual situation.

In 1953, Merck & Co. merged with Sharp & Dohme. The top people set up what they called the merger committee. It was to decide who would do what after the merger. I was secretary.

I had to talk to everybody, find out their problems, prepare agendas for committee meetings, have position papers prepared when there were opposing views and provide people to present these views to the committee.

This went on for over a year. During that time, I became familiar with all the company's operations.

As a result, I asked for an assignment in the international division, where various units had to be

merged. I became vice president and manager of the international division, sorting out these activities all around the world.

Meanwhile, the company was being run by four or five top people who were approaching retirement at the same time. Because of the war, there was a big age gap between the men at the top and the next level of management.

When the top people stepped back, all five at almost the same time, they decided to tap an entirely new age group.

A committee of the board was set up to pick a president and my name was one of those discussed.

They came to me and asked: "Who do you think is best qualified to be president?"

I said: "You're looking at him." It was a very immodest appraisal, but I meant it.

What was your track record at Merck?

We had a successful record there. In 1955, our net sales were \$157.9 million and net profit \$15.7 million. In 1964, my last full year there, sales were \$286.7 million—and net profit \$44.9 million.

In 1959, the industry was under attack in Washington, especially by Sen. Estes Kefauver's subcommittee on antitrust and monopoly. I took a leading role in defending it before that committee and other governmental agencies. I came out of it all right.

When my ordeal on the stand was over, Sen. Kefauver was kind enough to say I was the most effective witness to appear before his committee in four or five years.

That was quite a compliment, especially considering all the backtalk I gave him, because the hearings were very unfair.

In what way?

It was a real fight, even to get our case heard.

Two Nobel Prize winners who had worked with Merck & Co. on cortisone volunteered to appear with me. They wanted to explain why the financial and scientific arrangements that led to its development were fair and necessary.

When Sen. Kefauver saw who they

were and realized their testimony could be damaging to his preconceived point of view, he wasn't even going to let them testify. We had a real battle to get them on the stand.

Who's "we?"

Myself and Henry J. Fowler, who was later Secretary of Treasury when I was Secretary of Commerce.

Who were your two expert witnesses?

Dr. Philip Hensch of Mayo and Dr. Edward C. Kendall of Princeton.

Dr. Hensch had a speech impediment. You could understand him quite well, once you tuned in and listened attentively. But he was a very fast talker when he had something important to say.

And this frustration of almost being denied the right to speak at all apparently riled him up. He started out with a torrent of words that were completely unintelligible.

The court reporter looked hopelessly at Dr. Hensch and then threw his hands up in the air.

Sen. Kefauver looked at me as if I had produced Casey Stengel. He thought I was pulling a joke on him.

Then I got Dr. Hensch to slow down, and he talked very distinctly—and said a mouthful.

Was it your appearance before the Kefauver committee that led to your Cabinet appointment?

No, it didn't have anything to do with that. What it did do was bring me to the attention of many business leaders. I think it was probably the reason why I was selected as a member of the Business Council.

What did lead to your Cabinet post?

I was one of the vice chairmen of the Business Council after President Kennedy's assassination. President Johnson frequently called us to the White House to ask our help in handling many of the very serious problems that confronted the country.

I came to know and admire him as a President who came to office under the most adverse circumstances and held the country together.

In 1964, Joe Fowler, Sidney Weinberg, Jim Rowe and several others asked me to take an active part in

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John T. Connor *continued*

Johnson's campaign. I agreed, not only because of my very favorable impression of him, but also because I believed he would keep us out of a land war in Southeast Asia.

So I became cochairman of the independents' committee for Johnson and Humphrey.

I guess it was that which led Johnson to ask me to become Secretary of Commerce.

To be candid, the President and I didn't hit it off too well. I am sure he had many disappointments in me, because I wasn't the devoted, loyal supporter on all issues, on all occasions, under all circumstances.

I asked a lot of questions.

But the President didn't enjoy people who continually raised questions. He was much more comfortable if you carried out his decisions without them.

This was particularly true with respect to the war.

How did you resign?

I was in his office one day and told him: "Mr. President, I would like to suggest you go about selecting a successor. Frankly, I just don't want to work for you anymore, and I don't think there's anything further to be said."

"Well," he said, "I'll second that."

"How do you suggest this be handled?"

I said, "Well, we're approaching election time." The mid-term elections; this was in 1966. "I don't want to do anything to add to the multitude of problems you already have. So why don't I stay on till just after the elections?"

"We don't want to handle it the way that Princeton professor left the White House."

I meant Dr. Eric Goldman, a sort of intellectual-in-residence who resigned under rather stormy circumstances.

"Oh, God, no," the President said. "We don't want more of that!"

So that's the way it was. He gave my wife and me a farewell reception in the White House and it was done very gracefully.

What lessons have you learned from your career in both business and government?

For one, that it is essential, for the good of the country, that they work more closely together.

I don't think we can accomplish our national objectives or meet our national goals without this kind of cooperation and understanding.

It is very difficult to bring this about. In our system, for political reasons, business and government are often political adversaries.

But I think men of goodwill on both sides will have to work toward a closer partnership. Otherwise, our system just isn't going to work.

How can we bring this about?

One way is letting business or private enterprise take on some of the tasks government now performs.

I think the OSRD model is an excellent one.

Under the stress of war, this small federal agency was able to accomplish so much, so successfully, in such a short time, by relying on the private sector—the universities and business organizations.

It served simply as a coordinator or catalyst—and banker.

What are some of the areas in which this approach might work?

Well, of course, in the defense area.

I think it is a little more difficult in some social areas—like welfare—and in education.

On the other hand, look at the scandals we have seen in our welfare and housing programs. They have often failed to provide the required goods and services for the people who need them.

I think we should take a hard look at many activities now performed by government and see if they can't be handled better under contract, by the private sector.

Business and government should not be adversaries. **END**

REPRINTS of "Lessons of Leadership: Part LXXXIX—John T. Connor of Allied Chemical" may be obtained from Nation's Business, 1615 H St. N.W., Washington, D.C. 20006. Price: One to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.



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QUARTERLY OUTLOOK SURVEY

What's Behind the Economy's Surge

Executives overwhelmingly feel the business revival will pick up steam; foremost among their reasons are the level of consumer confidence, of spending for capital improvements and of income tax refunds



W.T. Beebe, chairman and chief executive officer, Delta Air Lines, Inc., is optimistic right down the line—about his firm's volume, its profits and the overall economy. Atlanta-based Delta has just taken over Boston-based Northeast Airlines.



Charles W. Adams, of Atlanta, Ga., senior vice president, The Coca-Cola Co., says the economy will go "on up—there is no really serious reason to have any other opinion. There will obviously be more fluctuations, but the ultimate trend is favorable."

N.W. Freeman, of Houston, Texas, chairman and president, Tenneco, Inc., says his firm's capital spending will rise 10 to 15 per cent due to energy needs, pollution controls and projects offering above-average profit potential. Profits will go up at about the same rate, he says.



Robert L. Gibson, of San Francisco, president and chief executive officer, California Cannery & Growers, expects his profits to double next year "subject to some limitations by price controls." He expects capital investments to increase 50 per cent.

Large expenditures for capital improvements, increasing consumer confidence and an especially big round of income tax refunds are foremost among reasons American businessmen cite when they predict that 1973 will be a good year for industry and commerce.

And predict it they do.

By a five to one majority, company chairmen, presidents, senior vice presidents and economists taking part in the 44th NATION'S BUSINESS Outlook Survey say the business revival which began just over a year ago will expand in the coming year.

Other reasons for optimism cited include the levels of inventories, sales, housing starts, public and private spending, industrial productivity and corporate profitability; dropping unemployment and slackening inflation; and investment credits, depreciation incentives and international monetary policy.

Less optimistic business leaders

express concern over such factors as:

The possibility that Sen. George McGovern will win the election, uncertain government attitudes toward fiscal and monetary policies, organized labor's antagonism toward multinational business, important labor contract negotiations, the continued weakness of the dollar abroad, a conceivable revival of high inflation, the possibility of increased taxes, a potential late-1973 slowing of residential construction, and predicted higher interest rates.

F.E. Masland III, chairman of C.H. Masland & Sons, carpet manufacturers of Carlisle, Pa., has his eyes on the election in a way many other survey respondents appear to do in forecasting the economy's future.

It will go "on up" because of President Nixon's policies, he says. Then he adds: "All bets are off if McGovern wins."

Three hundred forty-eight businessmen took part in the survey.

This is how sentiment shapes up on the question: "Where do you think the nation's economy will go from here?"

Two hundred ninety-nine say the economy will continue to improve, 33 say it will level off, and only six think the pace of business will decrease. Not all the executives surveyed answered every question.

NATION'S BUSINESS posed four other questions and here is the way they were answered:

• "How is 1972 shaping up for your company and what are the main reasons?"

Two hundred ninety-three report business is improving, 29 say theirs is slowing down and 21 say business has leveled off.

• "What are you looking for next year in sales or volume for your business and how will this compare with business in 1972?"

Three hundred six look for improvement, only six for decreased

S.S. Greeley, of Chicago, Ill., president, Masonite Corp., says "all conditions" appear to point to continuing improvement in the economy over the next year. He expects his own company's volume and profits to go up 10 to 15 per cent.



Howard P. James, president and chief executive officer, ITT Sheraton Corp. of America, Boston, Mass., believes the consumer will be ready to spend more when the election is over and Viet Nam has cooled down. This has been a better year for Sheraton.

Robert P. Jensen, president, Howmet Corp., of Greenwich, Conn., says 1973 won't be a boom year for metals. "Excess capacity and inventory" will hold prices and profits close to 1972 levels in the aluminum part of Howmet's business, he believes. This year? "Slightly" better than last.



Kenneth F. MacIver, senior vice president and secretary, John Hancock Mutual Life Insurance Co., of Boston, Mass., expects a 9.5 per cent GNP rise to \$1,150 billion this year. In 1973, he says, the GNP should climb about 9.3 per cent to \$1,257 billion.

James D. McClary, of Boise, Idaho, chairman, Morrison-Knudsen Co., Inc., looks for the nation's economy to continue up due to a "better picture" in Viet Nam, slowing inflation, and demand for goods which business is fully capable of meeting.



O.N. Miller, of San Francisco, chairman of Standard Oil of California, says his company's capital spending in 1973 should be at its current high level. He says the national economy will grow "strongly" until late 1973 and then, probably, "moderate."

volume and 30 for volume at the same rate.

• "What are you looking for next year in the way of profits for your business and how will they compare with profits in 1972?"

Two hundred forty-seven expect increased profits, 33 less profits and 46 a leveling off.

• "Does your company plan to spend more or less on capital investments in 1973 than it did this year? How much and why?"

One hundred sixty-nine say more will be spent, 71 say less and 89 report the same rate will be maintained.

The rate of spending on capital investments is one of the best indicators of what's happening in the economy. Executives who say such spending will rise at their companies in 1973 include:

Del Roskam, president, Cessna Aircraft Co., Wichita, Kans.; B.N. Monaghan, chief executive officer,

Vulcan Materials Co., Birmingham, Ala.; Robert W. Hawkinson, president, Belden Corp., Chicago, Ill.; Orin E. Atkins, chairman, Ashland Oil, Inc., Ashland, Ky.; T.J. Barlow, president, Anderson Clayton Co., Houston, Texas; W.L. Wearly, chairman, Ingersoll-Rand Co., Woodcliff Lake, N.J.; R.G. Wingerter, president, Libbey-Owens-Ford Co., Toledo, Ohio; and Keith R. Potter, executive vice president, International Harvester Co., Chicago.

Mr. Potter and several others report a large percentage of added expenditure is necessary to comply with environmental regulations.

J.A. Elliott, vice president and treasurer of Beech Aircraft Corp., Wichita, Kans., says his company will increase capital investment by 20 per cent "provided tax legislation continues in the present form."

Texas Instruments, Inc., will increase spending on capital investments by 40 per cent, President

Mark Shepherd Jr. writes from Dallas. The reason? "Expanding markets, both domestic and international."

These executives say their companies will spend only slightly more in '73:

Paul A. Gretzinger, economist, Boise Cascade Corp., Boise, Idaho; James J. Kerley, vice president-finance, Monsanto Co., St. Louis, Mo.; Harold Brockey, chairman, Rich's, Inc., Atlanta, Ga.; and F. Perry Wilson, chairman, Union Carbide Corp., New York City.

Some explain that though spending may not be a great deal more than in 1972, amounts should still be very large.

Executives reporting their companies will spend "about the same" as in 1972 include: Carl A. Gerstacker, chairman, Dow Chemical Co., Midland, Mich.; C.W. Verity Jr., chairman and chief executive officer, Armco Steel Corp., Middletown, Ohio;

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What's Behind the Economy's Surge *continued*

Harry V. Williams, president and chairman, Hartford Insurance Group, of Hartford, Conn., says his firm is having a 13.3 per cent sales increase and a "substantial" earnings jump this year and should maintain about the same growth rate in '73.



John W. Dixon, of Dallas, Texas, chairman and president, E-Systems, Inc., says 1973 may see acquisitions by his electronics firm. Profits will be slightly higher than in 1972, and capital expenditures will be on the same level, he says. The economy should "turn up."



Gerald B. Zornow, of Rochester, N.Y., chairman, Eastman Kodak Co., believes the economic recovery is "broadly based and all sectors are likely to show good gains for the balance of this year and next." Consumer confidence, employment and incomes are rising, he notes.



J. Dayton Ford, president, Allied Van Lines, Inc., Broadview, Ill.; R.B. Pamplin, chairman and president, Georgia-Pacific Corp., Portland, Oregon; and W.F. May, chairman, American Can Co., Greenwich, Conn.

Many companies will reduce capital spending in 1973 only because they fulfilled expansion requirements in 1971 or 1972. An example is The Mead Corp., Dayton, Ohio. Chairman J.W. McSwiney explains that Mead plans "to spend slightly less than in 1972 due primarily to completion of a major facility."

Clear indications of the degree of optimism over the nation's immediate future are found in comments by executives whose firms are involved in a variety of fields.

Down-the-line optimism is expressed by Harry Heltzer, chairman, 3M Co., St. Paul, Minn. He feels that the U.S. economy will continue to show strength through 1973, and that sales and earnings will establish

records for his company. He says 3M will spend more on capital investments next year than this year in order to support a higher sales volume and provide for new product introductions.

Says A.M. Regalia, executive vice president, British Motor Car Distributor, Ltd., San Francisco, Calif.: "Corporate profits are at highs, unemployment is down and people are beginning to dig into savings accounts. Spending seems to be up."

Alfred E. Perlman, president, Western Pacific Railroad Co., San Francisco, thinks the economy will continue up because of an "increase in consumer spending coupled with decline in incremental rate of savings. Housing starts will continue at current levels. Business will increase inventories and capital spending."

Walter S. Holmes Jr., president, C.I.T. Financial Corp., New York City, reports: "We look for continued gains. There are many factors and

Beryl W. Sprinkel, senior vice president and economist, Harris Trust & Savings Bank, of Chicago, Ill., forecasts a buoyant economy stimulated by monetary and fiscal policies. He sees "further growth" for Harris, noting rising loan demand and firm interest rates.

R.L. Swann, vice president and controller, The Black and Decker Mfg. Co., of Towson, Md., says 1972 has been "outstanding" due to continued strong consumer spending and a "rebound in industrial production and commercial building segments of the company."

A.J. Ashe, vice president, The B.F. Goodrich Co., Akron, Ohio, thinks early 1973 "should be brisk" but the expansion will likely slow somewhat in the second half due to expected tightening of monetary and fiscal policies, and "uncertainties" surrounding labor negotiations.

they include higher level of personal income, rising consumer spending and expectations, increased capital spending and commitments of industry, greater inventory accumulation, improvement in industrial productivity and the widespread increase in corporate profitability."

James H. Binns, president, Armstrong Cork Co., Lancaster, Pa., says: "With all major segments of the economy contributing, real growth will continue at recent rates well into 1973, assuring the two best back-to-back years since 1965-66."

Chris Hammond, chairman, Great Dane Trailers, Inc., Savannah, Ga., feels the economy "will go up at least through 1973, provided Nixon is re-elected; otherwise, it will turn down in 1973."

Marcus R. Tower, vice chairman of the board, National Bank of Tulsa, Okla., says the economy will go "on up. Inventories are beginning to build up, sales are increasing,

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Will Rogers

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What's Behind the Economy's Surge *continued*

G. Frank Purvis Jr., chairman and president, Pan-American Life Insurance Co., of New Orleans, La., says 1973 will be better for the economy than 1972. He looks for higher sales and bigger profits at his firm, with a "better mix of business."

A. Byron Reed, of Minneapolis, Minn., president, Munsingwear, Inc., sees next year as a good one with about an 8 per cent sales increase. The economy should continue to climb "at a rather steep rate for 12 months" and then level off and turn down late in 1973, he says.

Austin Smith, chairman, Parke-Davis & Co., of Detroit, Mich., says 1972 has been good for his firm for several reasons, including increasing inventories and "loosening of cash." He looks for a 10 to 12 per cent improvement in its profits next year.

capital expenditures are improving."

Lonnie W. Wege, general manager, public and industrial relations, Cities Service Gas Co., Oklahoma City, Okla., predicts the "economy will continue to grow at a rapid pace. The danger of inflation, however, is still great."

Robert S. Oelman, chairman, The National Cash Register Co., Dayton, Ohio, writes: "The 1972, as well as the 1973, economy will most likely continue strong real growth due to the continuing favorable climate for investment in goods and services."

Caution highlights a statement from W.T. Piper Jr., chairman, Piper Aircraft Corp., Lock Haven, Pa.: The economy will "continue to slowly improve at least for the short haul, but eventually it will turn down unless the government takes a more realistic view of its deficit and spending policies."

H.B. Schacht, president, Cummins Engine Co., Inc., Columbus, Ind., is



M.G. Mitchell, president, Chicago Bridge & Iron Co., of Oak Brook, Ill., says his firm will "perhaps double" capital investment next year in order to "provide facilities in new fields." However, he says, the company's profits may be "down slightly."



W. Thomas Rice, chairman and president, Seaboard Coast Line Railroad Co., of Richmond, Va., looks for the economy's upward trend to continue and for his own company's volume and profits to enjoy modest increases. Capital spending should be "basically the same."



George B. Rockwell, president, State Street Bank & Trust Co., of Boston, Mass., says momentum will carry the economy up through 1973. At his bank, he says, better earnings, increasing loan demand and tight expense control will feature the new year.

also cautiously optimistic when he says: "We anticipate that the economy will continue to grow at a healthy rate throughout the first half of 1973. A slowing of residential construction and inventory accumulation will cause a slowing of real GNP growth in the second half. It is expected that inflationary pressures will continue strong, fueled by anticipated large federal deficits resulting in renewed inflation in 1973 if federal controls are removed."

Executives looking at anticipated profit and loss columns for 1973, and liking what they see, include these men who forecast solid profit gains in the 8 to 15 per cent range for their firms: John R. Seydel, chairman, AZS Corp., Atlanta, Ga.; W.F. Lisman, chairman, Furnas Electric Co., Batavia, Ill.; J.G. Reese, senior vice president-finance, Houston Lighting & Power Co., Houston, Texas; and G.C. Williams, president, Nicholson File Co., Providence, R.I.

Other executives expecting profit growth, but in some cases at a somewhat lesser rate, include: Walter H. Huehl, chairman, Indianapolis Life Insurance Co., Indianapolis, Ind.; Miles J. Doan, senior vice president, The Cincinnati Gas & Electric Co., Cincinnati, Ohio; and J.H. Cochrane, chairman, Overnite Transport Co., Richmond, Va.

James E. Gettys, president, Standard Knitting Mills, Inc., Knoxville, Tenn., says: "We should be able to make a modest profit but not quite as good as in 1972." He cites as problems wage and material costs.

And Texan Eugene C. Zorn Jr., senior vice president and economist, Republic National Bank of Dallas, explains that "profits should be higher in 1973 but since they are affected to a significant degree by the extent and rapidity of changes in the cost of funds and returns available, it is difficult to predict what profit margins will be."

END



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DYNAMIC GROWTH COMPANIES

Charles Garcia & Co.

The big opportunity
that didn't get away

Handwritten signature

Following the first sales trip that Thomas T. Lenk made for Charles Garcia & Co., a small New York importer and exporter of rare and exotic items, he wrote a report which said, in effect, "Hey, we're on our way out of business!"

This was shortly after World War II had ended and Mr. Lenk had come back from service in the Pacific as an artillery officer.

"They sent me out to sell," he recalls, "and I found we weren't going to have anybody to sell to before long."

Technology was the culprit. Synthetics then coming into general use were shooting down Garcia's principal product: silkworm gut processed for surgical sutures.

But then, Mr. Lenk saw a big opportunity for marketing a new product. And he didn't let it get away.

The result: Garcia, a tiny company with practically no future, has be-



gurgling brook runs under Thomas T. Lenk's showplace home in Teaneck, N.J., and through the garden—a favorite relaxation spot for Mr. Lenk, his wife, Mary, and their daughter, Kathy, 12.

The high-test line that holds fighting fish for many an angler comes from the Garcia plant in Tolland, Conn., where thousands of miles of nylon are spun into the tough finished product.

Textile Industry
Howe

These spools of line being coiled for shipping are a far cry from Garcia's first product, processed silkworm gut for surgical sutures that some anglers would buy and cut into fishing leaders.

Howe



PHOTO: CHARLES BETHUNE—UPI



Good service on its line of ski products is a Garcia hallmark, and many buffs who want their skis up to snuff send them in yearly. The firm is close to the top in the ski equipment market.

come the world's largest marketer of fishing equipment and is a major factor in other sporting goods, too.

When Mr. Lenk first joined Garcia in 1939, as a young Austrian refugee, he was one of only three employees. There weren't many more when he returned to the company after the war—he was the firm's only salesman. Today, it has approximately 1,000 people on its payroll.

The big opportunity stemmed from the ardor of the dedicated fisherman. Over the years, such anglers would come to Garcia for silkworm gut to use in making their own leaders.

"Some of them would bring their own micrometers," Mr. Lenk chuckles. "They'd measure the thickness themselves."

One fisherman asked Mr. Lenk, since Garcia was an importer, to see if he couldn't get him a new type of reel that was manufactured in France. The company had an agent

there, and Mr. Lenk wrote off to obtain a Mitchell 300 spinning reel.

When it arrived some weeks later, the man who ordered it had moved away. But other anglers visiting the company saw it, examined it, and offered the opinion that it looked pretty interesting.

Mr. Lenk took the reel to William Mills & Son, New York's largest tackle dealer.

"I told Mr. Mills, 'You know reels; take a look at this one,'" he says. Mr. Mills did and promptly ordered 10 reels for his company.

Recalls Mr. Lenk: "I had a hungry instinct to find a new product." And the spinning reel sated his hunger. It didn't take him long to convince others at Garcia that the reel gave the firm a clear shot at success.

The spinning reel transformed fishing from a men-only sport into a family sport. It was easy to use and was practically foolproof—no backlash to

my out 10-2-72

Garcia & Co. *continued*

tangle line into a hopeless mess; no expert's knowledge needed to cast a lure far out into a stream or lake.

To aid the nonexperts, Mr. Lenk produced a booklet that went along with each reel sold, explaining how it worked and how to use it properly. This took away some of the mystery that good anglers nourished about equipment, but gave novices information that made fishing really enjoyable.

From the spinning reel the company went into marketing of other angling equipment: line, rods, bait-casting reels, etc. Then it moved into hunting, with sporting firearms, and then into other leisure products such as skis, tennis rackets and camping equipment.

Garcia now manufactures or is the U.S. marketer for 25 brand names, including Mitchell, Ambassadeur, and Abu reels; Conolon rods; Fischer skis; Marker bindings; Carlo Gruber ski clothing; Sako, Beretta, Rossi and Mauser firearms.

By 1949, as the company's leisure-time products role grew, its original import-export wares—the leader gut and such items as buffalo hides—had faded from its scene.

In that year, Garcia had gross sales of \$399,000. By 1965, sales had grown to \$17 million, and they jumped to \$20 million in 1966, to \$25 million in 1967, to \$28 million in 1968, to \$44 million in 1969, to \$50 million in 1970 and to \$57 million in 1971.

Mr. Lenk, Garcia's president and chief executive officer since 1958, considers himself first and foremost a marketer. "A good, sound marketing organization is the secret of our success," he says. "We started out as peddlers, but we became merchants."

The firm—very different from what it was like in 1919, when Carlos Garcia and Otto Gumprich came to New York and began selling silkworm gut from their native province in Spain—went public in 1970.

"That was the first time we ever set up a budget," says Mr. Lenk with a laugh. "Before that, we just spent what we thought was needed on what we needed to spend it on."

The company is now headquartered in Teaneck, N.J., and it has plants in Paterson, N.J., Tolland,



An avid art collector, Garcia's onetime lone salesman is fond of this mobile, made from fishing reel parts. Reels turned the tiny company into a multimillion-dollar factor in the leisuretime field.

Howe

Conn., and Santa Ana and Venice, Calif.

As for Mr. Lenk, who is the company's dominant stockholder, he has come a long way since he started with it 32 years ago.

"My mother got me the job with Garcia through the Catholic Refugee Committee," he recalls. "They needed a stock boy. I didn't know anything about business, but I knew how to work."

Born in Innsbruck, the son of a banker, he had arrived in New York by way of London in 1938 and his first job was as a Wall street runner, followed by one as a steward at a restaurant at the 1939 World's Fair.

Now 52, Mr. Lenk lives in an attractive house tucked away in a wooded area of Teaneck. He and his wife are avid travelers and the house is filled with art objects they have collected from all over the world.

As head of one of the fastest growing firms in the spectacularly booming leisuretime industry, Mr. Lenk has no intention of standing still.

"We will continue to expand," he says, "but probably all within a natural progression. That's what we do best. The reel naturally led to rods. Fishing goes with hunting—thus our sporting firearms. We'll just have to see where the progression leads."

END



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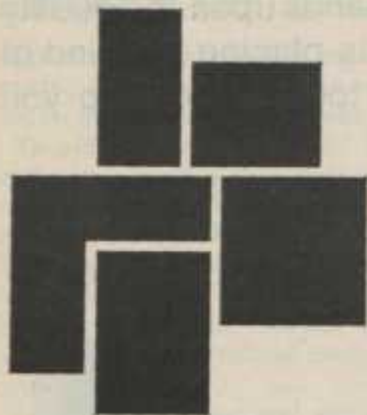
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For states and cities, the quest for a healthy economy means a never-ending effort to bring in industry which will build plants, produce goods and create jobs.

But state and local officials are finding it takes new approaches today.

Nation's Business, in its annual look at industrial development, spotlights some of these.

To induce European companies to tap the vast U.S. market with increased direct investment, more than a score of states banded together in a unique manner (pages 60-63).

And three American cities, Houston, Milwaukee and Pittston, Pa., have a common goal, but different concepts of how to reach it (pages 65-72).

How



Industry hunting takes Maine's Bill Dorsey (center) and Jerome Barnett to a machinery-making plant in Germany operated by Ernst Thielenhaus (left).



PHOTOS: EDD KOENIG &
STAFFAN MENDLING—
BLACK STAR



Seminar sessions drew rapt attention, but the real contact work came later. Michigan's Bill Cochran (glasses center) stepped outside and Virginia's J. Frank Alspaugh (left in right photo) chatted on the banks of the Rhine.



In Unity There Is Growth

States used to go it alone when they were trying to attract European industry; now, a team effort is impressing foreign businessmen

"This is the Department of Bread Upon the Waters, Division of Little Acorns Will Grow Into Big Oaks," mused William M. Pate, director of economic development for the state of Maryland.

"We hope this is really going to pay off."

He was talking about the opening round of a brand new effort to attract direct European industrial development to the United States.

Twenty-seven states, the city of New York and the territory of the Virgin Islands had banded together

to put on "reverse investment" seminars in Dusseldorf, Germany, and Stockholm, Sweden, for hundreds of interested European manufacturers.

And the gatherings, held last spring, seem to be paying off.

"We know that as the result of these seminars some plants are going to be built in the United States that probably would not have been built," said Jack Cauthorne, executive director of the National Association of State Development Agencies.

NASDA and the Commerce Department joined in promoting the seminars. It was the first major joint effort by states which, heretofore, had been individually sending representatives abroad to persuade European industrialists to set up plants in the U.S.

The stakes are high.

True, European direct investment of \$13 billion plus in the U.S. is small in comparison to U.S. industry's \$80 billion investment abroad. But attracting new foreign industry has major potential for states and cities. It means jobs, payrolls and broader economic bases.

"Certainly, Germany is going to have to invest abroad—somewhere," said Dr. Anton Merkel of the Carl Freudenberg company, a manufacturer of plastic, rubber and leather products.

Other countries also are wooing manufacturers: Japan, Korea, Taiwan, Canada, Britain and France, especially.

The idea of the states getting together to sell the U.S. as a whole, and themselves incidentally, made sense

to Europeans in the face of the worldwide competition for expanding industry. Many European executives were frank to admit that seeing all the various representatives was becoming a chore.

"It made sense to us, too," said Mr. Pate. "This way we could go into technical details the Europeans want in a broad way and could also contact a lot of middle-size industries that we know are going to be adding plant locations."

What the states did, with the help of the Commerce Department and cooperation of U.S. embassies abroad, was invite several hundred manufacturers to each seminar.

The formal program touched on every phase of what it takes to come into the United States, build plants and go into business.

Questions most frequently asked by the European executives concerned labor—availability of manpower, and the nature of unions—as well as taxes, freight rates, financing.

"For the United States as a whole, 28 per cent of the workers belong to unions," said J. Frank Alspaugh, Virginia's director of industrial development. "Nineteen states have what are commonly called right-to-work laws, which give the employee a choice of joining or not joining a union."

Certainly unionization in the U.S. is not comparable to European unionization, added Raymond E. Danto of Detroit, a trade expert who spoke at the conferences. He noted that in Sweden 95 per cent of the workers are union members. As for taxes,

In Unity There Is Growth *continued*



↑ John Scott uses a folder to show a German industrialist facts about the Virgin Islands while George Anderson and Fred Denton (far right) tell Alabama's story to bankers in a downtown Dusseldorf shopping mall.

freight rates and financial assistance available, there are no "national norms," it was emphasized.

"Every state has its own taxing system, every state has its own system of assistance in training workers and in acquiring plant sites and buildings," said Mr. Alsbaugh.

"I can tell you this: Most states will practically tailor-make a program to help any manufacturer build a plant that will mean jobs for the people in that state."

The Swedish Export Association joined with the U.S. groups in staging the Stockholm seminar. In Germany, the conference was chaired by Dr. Willi Reh, chairman of the *Rationalisierungs-Kuratorium der Deutschen Wirtschaft*, a group charged with making German industry more efficient.

At each conference, in an adjacent room, the individual states set up tables with literature setting out facts and figures about themselves. Alabama made available a list of nearly 100 companies in that state which are actively interested in joint ventures with overseas firms.

"Frankly, I think the number of Alabama companies that are openly willing to join with a European partner is pretty impressive," said Fred Denton Jr., the state's industrial development director.

One thing that makes a joint venture or having a subsidiary in the U.S. look good to European industrialists is the change in their own countries. Wages are soaring there. Add the cost of exporting, plus such intangibles as potential strikes by U.S.

dockhands or other transport workers which can disrupt deliveries, and the financial differential looks mighty slim.

As an example of this, German manufacturing workers make an average now of \$3 an hour—up from 80 cents not too many years ago. The average U.S. manufacturing wage is \$3.70 an hour.

Germany's total exports of \$39.1 billion last year included \$3.8 billion to the U.S. (The U.S. total export figure was \$43.5 billion; Japan's, \$24.4 billion.)

But Germany, with a \$235 billion gross national product, had only \$6.9 billion invested directly abroad.

Why should it invest more, especially in the United States?

"The poetic answer could be 'because it is there,'" Deputy Assistant Secretary of Commerce Robert Beshar told the Dusseldorf conference. "But there are four major reasons: size of the U.S. market, ease of entry into this market, the high rate of re-

turn on investment and the self-protection for German firms resulting from these direct investments."

The same reasoning was spotlighted in the Stockholm conference. Swedish industry is also no stranger to the U.S. market. Sweden was the first country, back in 1783, to sign a treaty of friendship and commerce with our new nation.

The giants of European industry for the most part already have U.S. operations, just as their U.S. counterparts have set up plants and subsidiaries abroad. But now many of the medium and smaller European companies are beginning to explore this possibility.

"A conference such as this is extremely useful," said Werner K. Schnorbusch of Salzgitter Stahl GMBH. "It's unusual for Germans to be so open in their interest. The German businessman historically doesn't want his competition to see what he's doing." This passion for secrecy is one reason why it is hard to pinpoint

Signs of Success in Japan

Four "Invest in the State of Washington" seminars have produced prospects that a number of Japanese industrialists will do just that.

Wayne B. Gentry, executive director of the Trade Development Division of Washington's Department of Commerce and Economic Development, said at least 200 Japanese firms reached through the seminars—three held in Tokyo and one held

in Kobe last June—are planning some entry into the American investment scene.

"And at least 10 or 12 of these I know are seriously interested in the State of Washington," he said.

Sponsors of the seminars included the Seattle-King County Economic Development Council and the Japan-U.S. Economic Conference.



It's the personal contacts that count in luring industry to a state. In Stockholm, they were made primarily in meeting halls, at a reception at the U.S. Ambassador's residence or during seminar coffee breaks.

just which European firms really intend to investigate plant sites and other investment possibilities in the various states.

Mr. Schnorbusch's firm has a number of U.S. plants, where huge tower cranes are built for use in construction projects. He's bullish about the company's prospects in this country.

"Of course," he said, "this conference will just be a start for the businessman seeking information."

The European businessman is avid for detail: facts and figures.

Wayne Gentry, executive director of the Trade Promotion Division of the Washington State Department of Commerce and Economic Development, urged the industrialists to look at the U.S. as being, really, nine regional markets.

For this reason, he advised, no firm should worry about having to try to sell the entire country. "In fact, few can," he said. "Remember, each of these regions has millions in population."

"The U.S. really consists of hundreds of urban and rural markets. There are 243 individual population centers, each of which includes one city with a population of 50,000 or more."

The economic development directors and representatives of the various states sold themselves low-key.

"You don't ever do anything quickly," explained Thomas B. Broughton of North Carolina's Division of Commerce and Industry. "It takes months, even years sometimes, from the first contact to an accomplished fact: a producing plant."



"But you'll go anywhere for that first contact," said Virginia's Frank Alspaugh. Most of the various state representatives did just that after the conferences, journeying to plants producing autos, electronics equipment, textile machinery; to the offices of bankers, board chairmen, presidents; even strolling in the rain along the Rhine with potential newcomers to U.S. industry.

Europeans at the conferences were impressed with the professionalism of the state representatives. And not just a bit awed by the unselfishness of such joint conferences.

"I suppose I have my staff digging out details for a score of European companies," said John Lotz, representing the City of New York. "And not one of them is going to locate in my city. But it's good for the whole country's economy if I can be of some help. And, who knows? Maybe one of them one day will want to set up shop in Brooklyn." **END**

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Making Society More Efficient

Government agencies and other nonprofit institutions, says a management expert, must operate under the same rules as business

DAVID F. LINOWES, author of this article, is a partner in the international accounting firm of Lavenol Krekstein Horwath & Horwath and is an adjunct professor of management at New York University. The article is based on material in his forthcoming book, "Strategies of Survival."

Why can't some of the techniques used in making profit in business be applied to solving our social problems?

Social institutions, like business, need not tolerate waste and inefficiency even though money seems to flow into the institutions in an endless stream.

Constant pressure is exerted on the business manager to show a profit, for if a business is unprofitable it cannot survive for long. Social institutions, on the other hand, endure and even flourish despite disregard for the basic question of whether they are profitable to society—whether they are accomplishing what they set out to do.

My contention is that if the rules of good management were applied to government agencies and other nonprofit institutions as they are to business, social programs' effectiveness would be tripled. (And conversely, if they were ignored by business, as they are in most social institutions,

the rate of corporate failures would be multiplied overnight.)

What I refer to as the principles of socioeconomic management (SEM) are neither revolutionary nor startlingly new.

They're familiar to students of business and accounting and to managers in well-run corporations.

However simple and obvious they may appear, it is equally obvious that they are not being used in most of our nonprofit organizations. This is all the more appalling because they easily could be, starting tomorrow.

How business does it

In a nutshell, the purpose of SEM is to apply business methods to our social institutions. Here are some ways this can be accomplished:

- Tie standards and goals to proven human needs.

Educators know how to measure levels of achievement; criminologists can measure degrees of rehabilitation; doctors measure degrees of good health. Business has R & D programs and marketing studies.

- Apply funding by results.

Most welfare, education, housing, transportation and crime control programs are funded by the numbers. Effective business budgeting stems from hard measurement of results versus goals. Techniques of evaluation that help formulate corporate budgets—profitability accounting, for one—could be widely applied to social funding, too. Needs fulfillment would become the social equivalent of business profitability.

- Use multidisciplinary planning.

No corporate president would embark on a major expansion program without consulting his marketing, manufacturing, financial and engineering people. Too often, specialists unilaterally make vital social decisions in areas where they lack both training and experience—a major cause of program failure.

- Set up social profitability audits.

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Making Society More Efficient *continued*

social program are being directed toward the purpose for which the program was created.

- Establish public visibility.

"How are we doing?" is a question asked continually in business, with top management, stockholders and directors apprised of performance on an ongoing basis. Is the public entitled to less?

- Prune and restructure.

The benefits—and techniques—of well-reasoned merger, divestiture, pruning and restructuring are understood by the capable, seasoned executive. Yet in our social enterprises, we see blatant overorganization—institutions and programs which have outlived their usefulness or would be more efficient if combined with other units.

- Vary the input mix.

Business managers try all kinds of marketing, production and motivational strategies in an effort to boost profit performance. Where social programs are in force, stultifying status quo-ism too often applies. Evidence proves that when we do treat social programs as products geared to needs fulfillment, results can be dramatic.

- Stir up social competition.

For industry, the marketplace is a ruthless measuring rod. You maintain high quality standards or you are deserted by your customers. Social institutions need a marketplace equivalent, competitive pressures for excellence and added options for the public being served.

- Fix social responsibility.

SEM principles should be applied to every level of effort by a social or governmental agency—by budget authorities, appropriations committees, agency administrators.

HEW—a horrible example

Peter F. Drucker talks with deep concern in "The Age of Discontinuity" about "organizational inertia" in the nonprofit sector. The Department of Health, Education and Welfare—a prime example, where 20 different programs conducted under 15 sets of guidelines are needed to educate a ghetto child—has been categorized as a "monument to bureaucratic disorderliness."

SEM is one major key to reform.

The social-corporate management

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gap—the difference in abilities, techniques and concepts required to manage effectively—is smaller than most people realize. Basic management skills of planning, organization, motivation and human development are common to all kinds of enterprise.

When Donald C. Burnham took the helm at Westinghouse Electric Corp. some years ago, he found the company beset by many of the organizational and managerial problems plaguing most large social agencies today.

Programs were bottlenecked, decisions stalled, profits fading. In a dramatic restructuring, marginal operations were lopped off. Acquisitions were made along with management changes and some wholesale pruning. Within a relatively short time an impressive turnaround was under way.

Mead Corp. currently is engaged in an intensive program of self-examination called "product portfolio," set up by The Boston Consulting Group. Mead is sorting out its winners and losers, market by market.

Hardheaded hospitals

This same hardheaded approach worked for the state of Arizona, when eight hospitals of varying sizes were combined to form the Samaritan Health Service. The restructuring strengthened the hospitals' financial base and improved use of facilities and professional expertise. In the first year alone, savings on one single item, insurance premiums, amounted to \$90,000.

Despite well-tested research and analysis procedures, however, in most areas of social endeavor we don't even know what our citizens want and need.

"Increasing the number of policemen does not wipe out the causes of crime," New York City Police Commissioner Patrick Murphy says. "We do not know why people commit crime."

Yet police departments continue to be measured for effectiveness by the number of arrests, and their budgets are directly related to the size of their staffs, without any consideration for whether the causes of crime are even being identified and attacked.

And what businessman is not familiar with the power of motivation:

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Making Society More Efficient *continued*

bonuses, contests, stock options and other incentive tools?

Yet the use of meaningful incentives—discretionary funding based on exceptional results, rewards tied to specific needs fulfillment goals, tax reductions for high social benefits and many more—have barely begun to be explored.

Far too little experimentation with approaches like the Office of Economic Opportunity-sponsored "education voucher" system, for example, is in progress. Under this system, on trial in Indiana and California, students "cash in" chits at the school of their choice. This is expected to increase enrollment at better schools, cut back or close down poor performers and upgrade educational standards in general.

Space does not permit a full run-down of SEM strategies and methods of implementation. Nor is it required. The "how to" is documented in the files of hundreds of American firms.

A wealth of evidence shows that

while applying business strategies to social institutions is rarely foolproof, more often than not results are heartening.

In 1970, for example, a group of concerned executives set up a task force to apply basic management principles to New York City's trouble-ridden criminal courts system. Following this work, during the first four months of 1971, the backlog of cases was slashed from 59,000 to 39,000 without adding people to the payroll.

In Chicago, a patient suffering from a nervous disorder was admitted to a large hospital which had an acute shortage of beds. The purpose of his 11-day confinement was to "take tests." On eight of the 11 days, the only attention the patient received was meals. The tests took less than five hours.

Does it not seem reasonable that business methods of scheduling might be applied in this institution?

A government study in one major

city shows sanitation department collection costs to be \$49 a ton. Private disposal companies servicing hotels, restaurants and other business operations do the job for \$17.50 a ton.

Does it not seem reasonable that the incentive devices and management strategies that account for the disparity might be fruitfully installed in our garbage collection agencies?

Evidence of this kind exists by the ream. Admittedly, socioeconomic management represents no panacea. Anyone claiming an easy solution to the mind-boggling problems of our society would have to be naïve.

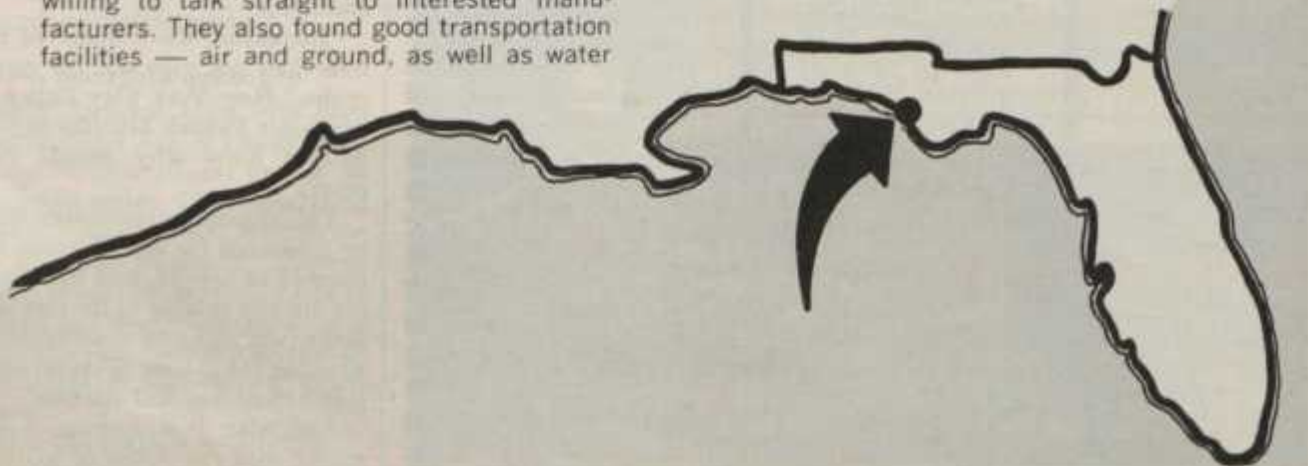
However, the rules of socioeconomic management have been tested and proven. Failing to apply them is like trying to repulse an air attack with a pistol when antiaircraft artillery is at hand. And the beauty of SEM principles is that social planners and government administrators can start using them tomorrow.

What it adds up to, in effect, is, "Action now!" END

Nuclear Industry Comes to Panama City, Florida

A subsidiary of Foster Wheeler Corporation and the Gulf Oil Corporation are forming a jointly owned company that will build and operate a new plant in Panama City, Florida, to produce large components for nuclear steam generating plants. Company representatives found a deep-water site on the inland waterway and a young, aggressive city, eager for clean, progressive industry and willing to talk straight to interested manufacturers. They also found good transportation facilities — air and ground, as well as water

— and an exceptionally good labor market. The city itself, located on the Gulf of Mexico, is a great place to live and features mild weather year-round. If you're looking for a manufacturing site, investigate Panama City, Florida — we'll cooperate. For more information, write Warfield Bennett, Bay County Chamber of Commerce, Post Office Box 1850, Panama City, Florida 32401.



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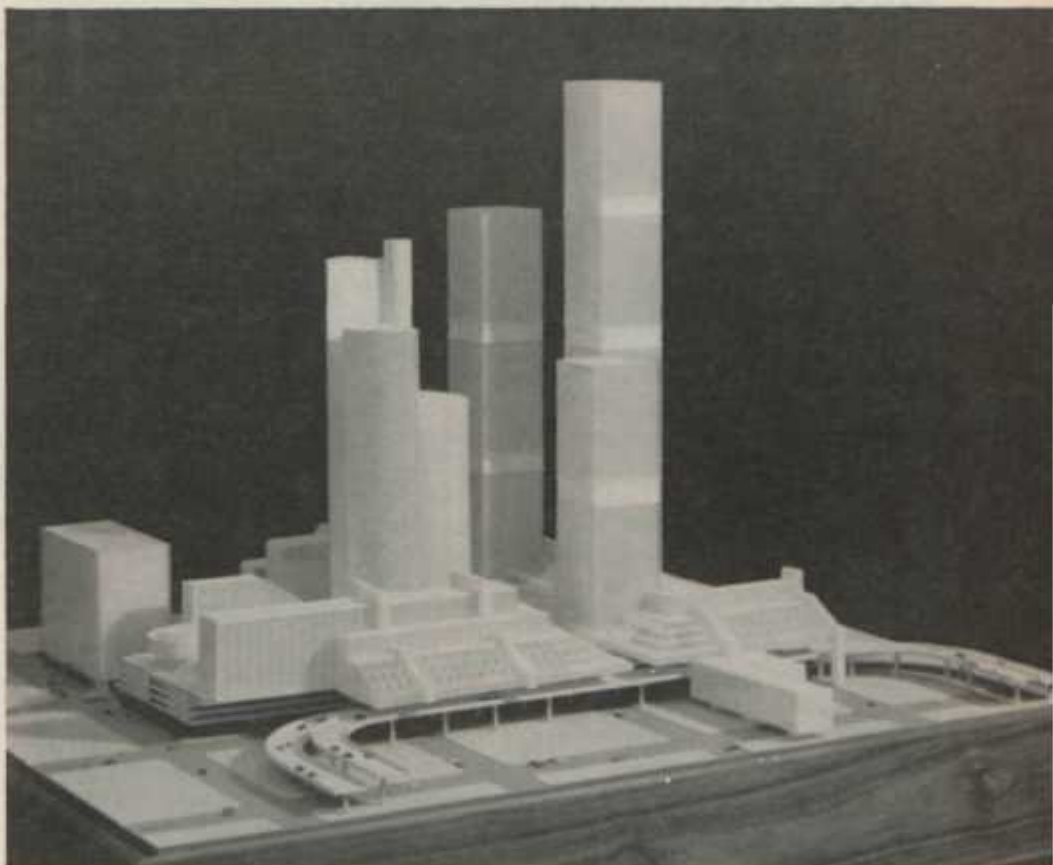
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Ohio Department of Development.



THREE CITIES TURN THE CORNER

Houston: East Side Story" and Headquarters Rustling

Have



The 17-skyscraper Houston Center, when it is completed, will double the floor space in Houston's central business district, adding 23 million square feet. Shown is a model of the center's first section.

In the spring of 1970, George Bolin, a Houston real estate executive, and some associates were carrying on a running discourse on literature—or at least it seemed that way to a casual listener.

"This is about the East Side Story..." they frequently started conversations.

What followed didn't seem to relate to literature, but to them it made sense. They were using a code name to refer to a meticulously planned and executed campaign directed by Mr. Bolin to buy 33 contiguous blocks of downtown Houston property. More than 100 separate tracts were involved.

The client was locally based Texas Eastern Transmission Corp. and the campaign involved the largest acquisition of downtown property in the city's history. Success meant a gigantic renewal of the east side of the central business district.

Over the years the east side had

been slipping and development had been moving to the west side.

Mr. Bolin and a number of other real estate men acting for Texas Eastern, after careful briefing and strategy sessions, launched their efforts simultaneously and quietly.

Within weeks, they had negotiated for and secured title to some two thirds of the land involved. Within 18 months the package was completed—and in April, 1970, Houstonians were told the "East Side Story."

For a sum estimated at between \$40 million and \$55 million, Texas Eastern, a giant pipeline company, had gone into Houston land development. And not just ordinary development—the company announced plans to build a "platform city" in the inner city. Because it is permissible in Houston to build above streets if the land is contiguous, the 33 blocks became 45 blocks of building space.

Texas Eastern estimates its total investment in the Houston Center,

as the project is called, will come to some \$1.5 billion.

The Houston Center is heralded as the largest single urban development project ever financed by private enterprise. When the last of 17 skyscrapers is completed, the Center will be three times the size of New York City's Rockefeller Center and as big as all of Houston's present-day central business district.

Baxter D. Goodrich, Texas Eastern's chairman, says the complex, which will involve 15 to 18 years of continuous construction, has been planned "as a prototype of what the city of tomorrow should be, not a projection into the future of the city of today."

Before the ground breaking last January, Mr. Goodrich commented to Gordon L. Jennings, his vice president for real estate: "Be prepared to tear down the first section as soon as the last is built."

Big as the project is, and even for

Three Cities: Houston *continued*

Texas it's big, it's only part of a chain of development to bring new enterprises to Houston.

Headquarters rustling

City boosters have ridden hard on a drive to rustle corporate headquarters, urging with Southwestern friendliness: "Ya'll come."

Shell Oil Co. has accepted the invitation. So has M.W. Kellogg Co., the big construction firm. Humble Oil Co., a long-time Houston corporate headquarters resident, has been joined by three other major divisions of Standard Oil Co. of New Jersey. Continental Oil has moved its Western Hemisphere headquarters to Houston.

A number of other office building projects are under way or planned, so that today Houston envisions 53 million square feet of space available by 1990, double that existing in the '60s. By anyone's standard that's a lot of office space, but Floyd Martin, manager of future studies for the Houston Chamber of Commerce, is confident that the tenants will come.

"We have an operating environment attractive to business, a quality of living advantageous to personnel, and the option and interest to control our future," he says.

Part of the operating environment is unique for a major U.S. city—there is no property zoning.

This, says City Planning Director Roscoe Jones, is a benefit because it provides "the capability to react quickly. In Houston it doesn't take years to rezone. Allocation of land by the free market system is not perfect, but neither is zoning as practiced in some other cities."

Bernard H. Siegan, a Chicago attorney who has studied Houston's nonzoning, comments in an article in the *Journal of Law and Economics* that the city "may be achieving objectives denied by the zoning process." He adds: "In many respects, it is apparent that Houston . . . does not differ from what it would be if it were zoned. . . . The values of most homes are no more affected than they would be under the 'protection' of zoning. The greater likelihood is that on the whole, property values have been augmented."

One reason Houston is competing for new business enterprises is that it is determined to diversify, to move away from heavy reliance on production of petrochemicals.

With 11 per cent of the nation's oil refining capacity in the area, the city's leaders began urging diversity in the '40s. But by the early '60s, Houston still had essentially a natural resource base for its booming economy.

Now, says Robert H. Brewer, economic development manager for the Chamber of Commerce, the economy is growing more market- and science-oriented. The new emphasis is to build a human resource base.

Brainpower-intensive

A Stanford Institute study a few years ago concluded that Houston is a city in control of its future. The future, as Houston boosters see it, lies in becoming brainpower-intensive. Thus, the quest for corporate headquarters, and for scientific organizations.

In 1971 the city ranked ninth in number of scientists. Some \$200 million in research and development is annually conducted in the area.

Houston, the nation's sixth largest incorporated area, has doubled its population every 20 years since the turn of the century. In the '60s its metropolitan area population mushroomed 31.4 per cent.

Marvin Hurley, the dynamic executive vice president of the Chamber of Commerce who died last August, summed up the Houston philosophy with this statement: "The forgotten factor in many urban master plans is the necessity for people to make a living. No alternative has proved nearly as effective as the profit motive to stimulate and regulate economic activity."

At the peak of World War II Houston had some 300,000 jobs; now there are over 900,000. In the '60s, with an investment of \$4.7 billion, 783 new industrial plants were built and 1,161 existing ones were expanded. During the recent recession, while unemployment nationwide was over 6 per cent, Houston seemed an economic oasis with its 3 per cent rate.

A significant factor has been com-

mercial building construction, which annually runs nearly \$600 million. Residential construction is also booming. In 1960 there were 65,000 apartments in the city; by 1970 there were 155,600.

Though it's estimated that 96 per cent of Houstonians get around by auto, the city fathers contend they don't have a traffic problem as of now. They point to the fact that in its growth, Houston has added as much business floor space in its suburbs as in its central business section.

But there is a limit. Planning Director Jones predicts: "By 1990 the only way Houston can build further office space is to have some form of transit system."

Texas Eastern Chairman Goodrich calls the Houston Center plan one that "gives the city back to the people—a plan that tames the automobile and the delivery vehicle and makes them the servant of the citizen, not his master."

Included in the "platform city's" 23 million square feet of floor space will be parking for 40,000 autos on two underground and the first three above-ground levels. Between 10,000 and 12,000 people will live in 5,000 apartment and townhouse units. A prime objective is to create a "24-hour environment" to keep the Center alive day and night, thus attracting residents back to the central city.

This is a matter of desire, not necessity, because land for expansion is no problem. Houston's city limits encompass 450 square miles, and a state law passed in 1963 gave it an unusual opportunity to control far more territory than that.

The law prohibited new municipal incorporations within five miles of incorporated cities with populations in excess of one million.

Houston, the only city in the state at that population level, proceeded then to annex 10-foot-wide strips of land radiating from its existing city limits.

By keeping these finger annexations less than 10 miles apart, the city—which anticipates a metropolitan area population of three million by the year 2000—safeguarded itself against any municipal rivalry in an additional 2,000 square miles. ♦



THREE CITIES TURN THE CORNER

Milwaukee: Branching Out With the Land Bank

Milwaukee, a city of 717,000 on the western shore of Lake Michigan, is famous for its beer, Old World charm, cleanliness—and its solid citizens' thrift.

"The people here," says one longtime resident, "have deep pockets and short arms."

These days they're being asked to shorten the distance between their fingertips and their cash. It's a must, city officials say, if Milwaukee is to be a viable competitor for new industry.

The city almost a decade ago began buying unimproved acreage for a "land bank"—whose intended use was for expansion as needed by existing Milwaukee firms. Attracting newcomers was essentially left to private developers.

Now a major change in philosophy is taking place. The city's Economic Development Department is asking to be turned loose to compete for new industry with private planners of industrial parks.

City planners also want "seed money" to help embryonic firms that could share facilities in the city's older downtown buildings. Once established and growing, they would move to newer and bigger facilities.

"We hope to bring a marketing concept to government," says Kenneth Fry, commissioner of city development. "You might call it city capitalism."

Observers don't expect it will be

easy for the city to change course. Says a veteran Milwaukee politician: "The people here expect a lot out of government, but with little government involvement."

Milwaukee aspires to become a growing regional center, and it has some gilt-edged assets. Among them are a highly skilled work force and a fine quality of life.

But it also has lots of competition. Chicago is only 60 miles to the south, and the aggressive Twin Cities, Minneapolis and St. Paul, are not far to the northwest.

In addition, Milwaukee is hemmed in on all sides by incorporated sub-

urbs and is located in a state whose tax rates are among the highest in the nation.

No zoning?

The city fathers and businessmen recognize that their existing assets are not enough.

"Our major problem," says Mr. Fry, "is zoning restrictions."

Would he favor no zoning laws?

"I'd swap our tight zoning for no zoning in a minute," he replies.

But he knows there's little possibility of that—even though it would make his job easier. For his Economic Development Department is a



The soaring 42-story, \$50 million First Wisconsin National Bank Building reflects Milwaukee's confidence in the future as the city, already famed for its beer, bids for similar renown as a "transactional center."

PHOTO: TEN RECORDS—BLANK STONE

Three Cities: Milwaukee *continued*

conglomerate agency, handling the city's housing, urban renewal, relocation, planning, conservation and other related responsibilities—all of which zoning affects.

Mr. Fry feels that an agency such as his, handling all facets of city development, is a necessity for all major cities.

"Our concept of economic development includes not only commercial and industrial growth, but also promotion of cultural, recreational, tourist, convention, health and educational development," he says. "In other words, the attainment and continuation of a well-rounded quality of life which also produces jobs and income. I think Milwaukee is about five to 10 years ahead of the general trend."

While this may be true, he recognizes that the competition for new businesses has grown much tougher. When he organized his department in 1961, Mr. Fry estimates, there were some 200 such agencies nationwide. Now there are over 15,000.

Which prompts Mr. Fry to bring up two more problems.

"Most of these have land available to them," he says, "and most have the use of tools such as industrial revenue bonds and tax freeze powers that Milwaukee doesn't have. Milwaukee must get those tools to become more aggressive in its industrial development efforts."

Money for the bank

In September he asked the City Council for \$1.8 million for the land bank program.

Milwaukee established the land bank, the first of any major city in the nation, in 1963. Since then the bank has bought 690.7 acres.

Of that total some 152 acres have been sold to industrial customers, most of them local, for new plants that have created some 600 jobs. For a city with a manufacturing work force of over 200,000, that's not a wall-banger performance.

In the fall of 1971, four-term Mayor Henry Maier, Mr. Fry and area business leaders were having second thoughts.

Mr. Fry organized a citizens committee to evaluate the way the city was waging its economic development campaign. This past summer

the group came out with a finding and with recommendations. The finding: There had been less development than could have been expected.

Among the recommendations was one to drop the basic philosophy of maintaining industrially zoned land in the raw and of passive selling, so as not to compete with private developers.

Now the group feels Milwaukee should turn some sections of the land bank acreage into fully developed industrial parks and sell aggressively against all competition.

Also, Mr. Fry wants some of that extra land bank money to go into acquisition of underused property. Inadequate structures would be torn down, and new ones built, to make the property more attractive to industry.

The South and the suburbs

The basic purpose of the land bank, originally—to provide firms already in Milwaukee with expansion room—was in line with past experience: Large manufacturing firms had expanded in the city itself.

In the mid-'60s, however, it was obvious that new plants, especially those that were labor-intensive, tended to be built in the South or overseas.

Also, the citizens committee, reviewing the situation regionally, noted that construction of freeways and lower suburban taxes gave suburbs an advantage. It said:

"The city must treat industrial development more as a business enterprise in an increasingly competitive marketplace that no longer stops at state or even national boundaries."

Added one member, bluntly: "Milwaukee must decide if it is in the industrial development business or not."

One goal of a six-year economic development plan, announced by the mayor in 1968, was to make Milwaukee a "transactional center." And the central business district, considered dead in the Fifties, has been making real progress.

In the 1960-1970 period over two million square feet of net rental space were built. Today, Milwaukee sees a new landmark rising above the city—a 42-story, \$50 million skyscraper for

the First Wisconsin National Bank, the state's largest financial institution.

However, businessmen want more industry as well as more service firms to locate in Milwaukee, and they emphasize two factors—taxes and labor costs—as inhibitors of industrial development.

Talking turkey

These days it's not unusual to see business leaders, government officials and labor bigwigs dining together in the city's famed German restaurants. The businessmen talk turkey over the liver dumpling soup.

"It's ridiculous for businessmen, government officials and labor leaders to be adversaries," says Robert Foote, chairman of Universal Foods Corp. and president of the Metropolitan Milwaukee Association of Commerce. "What we're campaigning for is improving the climate for investment."

In short, he says there is a need to put the brakes on taxes and demands for higher wages.

Though Mr. Foote isn't able to cite much progress on the wage demand front, he does note that taxes in suburban jurisdictions are rising faster than in the city.

So does Richard E. Vogt, board chairman of KCS Industries, Inc. He recently convinced the directors that the firm should stay in the city. KCS bought a site from the land bank on which to build a production facility for operations now housed in three separate downtown buildings.

Mr. Vogt spent many months evaluating the attractions of suburban industrial parks before making his decision.

"The tax differentials are becoming narrower," he says.

"I was persuaded that the advantages of suburban industrial parks have diminished and that the city itself offers a package of services and benefits not readily duplicated elsewhere."

A key factor in the decision was a desire to hold onto the skilled labor force that produces the firm's many point-of-purchase items. "We're in a highly competitive business," Mr. Vogt says. "So we didn't want to move away from our employees." •

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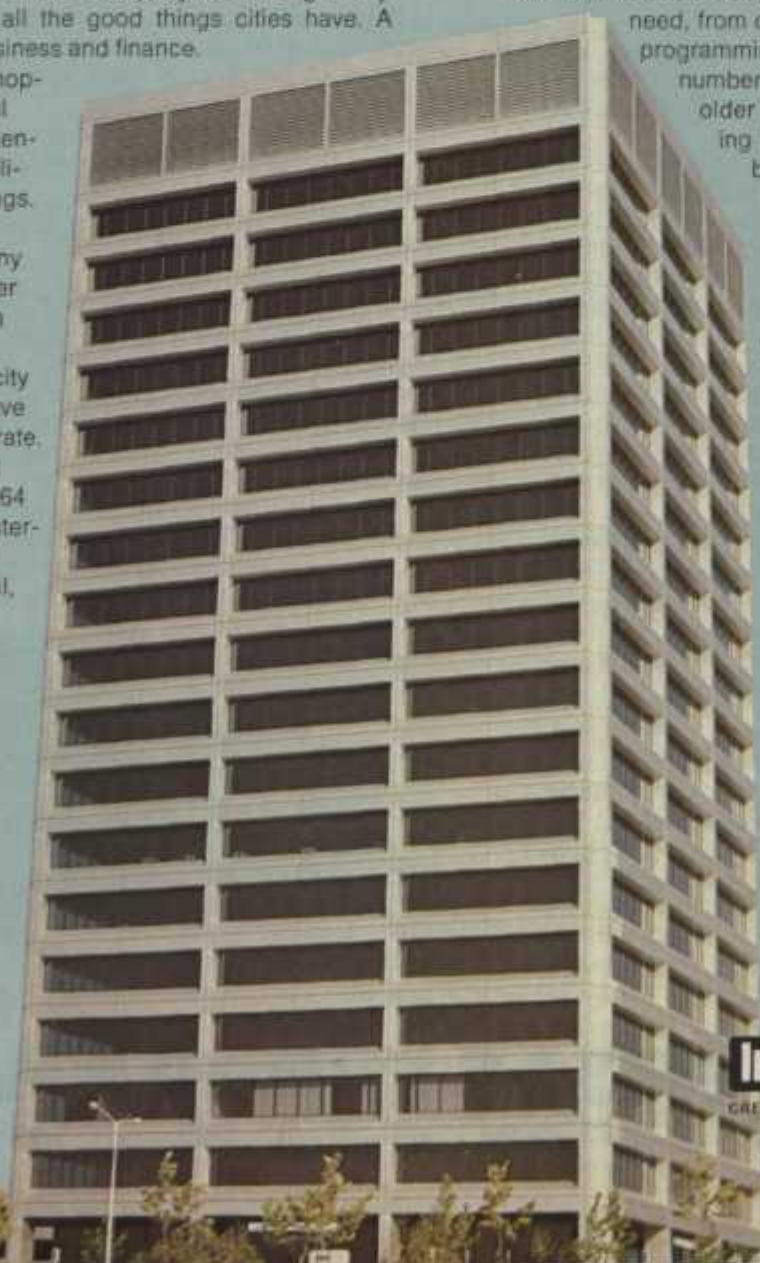
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by breeding in captivity. But in time, their unique characteristics will change since these characteristics are the specific responses to the demands of their habitats or biotopes. Once these characteristics have changed, that's it. They rarely can be re-created.

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That's why, besides its work to save specific endangered species, the Fund is committing itself to priority biotope projects, i.e. the Cape May Wetlands Sanctuary in New Jersey, the Baharini Reserve in Kenya and Nepal's crucial need for a preserve to protect some of the last specimens of the Great Indian rhinoceros.

It isn't easy. In the industrial countries, indiscriminate "progress," whether it's housing developments, industrial parks, resort centers, highways or jetports, can be a constant menace. While in the less-developed nations, poaching and the like, take a vicious toll.

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To learn more, to help more, please contact us at: World Wildlife Fund, Dept. B, 910 Seventeenth Street, N.W., Washington, D.C. 20006.



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THREE CITIES TURN THE CORNER

Pittston: An Economy That "Refused to Die"



Once, there were few jobs locally for the young people of Greater Pittston, but now the economy is running uphill. The one-time anthracite mining area is attracting diversified industries.

If you happen to be driving on Suscon Road a few miles east of Pittston, Pa., in the rolling countryside leading to the Pocono Mountains, you'll come to the home of Chester J. Gall at the foot of a hill.

If you stop about even with Mr. Gall's mailbox, put your transmission in neutral and take your foot off the brake, your car seems to be rolling uphill.

Greater Pittston, residents say, presents a picture just the opposite of this famous local optical illusion.

Its economy should be racing downhill—but actually it's really climbing.

Few areas have faced greater odds against making the grade.

For a hundred years, piles of black slate refuse from anthracite coal mining—culm piles, they're called—were Greater Pittston landmarks.

When the anthracite industry was at its peak in the early '20s, it provided 17,890 jobs in the 87-square-mile area, with only another 800 jobs in a handful of small industrial plants.

The culm piles made the city of Pittston and 12 surrounding boroughs and townships midway between Scranton and Wilkes-Barre in the Susquehanna River's Wyoming Valley look like a potential training ground for moonbound astronauts.

Then anthracite—the area's once-rich deposits were already dwindling, anyway—gave way to petroleum and gas.

By all rights, says Greater Pittston Chamber of Commerce President

Paul Cadden, Pittston and its smaller neighbors should have become ghost towns in the late '40s.

No eulogies

However, as Vincent T. O'Hara, the Chamber's executive vice president for 25 years, puts it: "These towns refused to die."

It wasn't the first time that people were ready to say eulogies for the area.

In 1778, the Battle of Wyoming took the lives of 228 settlers from Connecticut, who either were slain during the fighting or massacred by British-led Seneca Indians after surrendering.

The Wyoming Valley emptied. But settlers returned, and made the valley an enclave of New England amidst the Pennsylvania Dutch. Later came waves of Irish, German, Italian, Polish and Russian immigrants to work the rich lodes of hard coal.

In 1940, the area's population was about 71,000. But anthracite's day was done, and thousands who left for defense jobs during World War II did not come back.

At the close of the war, in 1945, a group of businessmen led by the Chamber of Commerce and sparked by Chevrolet dealer Roy Stauffer, decided to try to pump life into the economy by attracting new industries.

The Chamber that year sold 4 per cent debentures to raise \$175,000, and constructed a 30,000-square foot shell building in West Pittston, leas-

ing the property to a canvas-making firm. The building has since been expanded several times.

Although neighboring Scranton is often given credit for pioneering the concept of community-financed industrial development, Pittston boosters firmly lay claim to getting there first. Mr. Stauffer suggested to the Scranton Chamber of Commerce in 1946 that it might want to try what had been done in West Pittston.

The Greater Pittston Chamber made two more bond offerings following the 1945 bond sale, and provided more space for industry, but the big breakthrough in financing came in the fall of 1966 when the Pennsylvania Power and Light Co. loaned the Chamber \$600,000—interest-free.

That financing enabled the Chamber to become the area's largest landowner. It purchased 700 acres suitable for industrial development, and leased another 600 acres with options to buy.

Posterity and the present

"With 1,300 acres, we're set," says Mr. Cadden. "We can take care of posterity."

Meantime, the present is being taken care of. Industry after industry has come in. The population—55,800 in the last census—is no longer declining, Mr. O'Hara says.

Even the "bad case of visual pollution" that Mr. O'Hara says the culm piles gave the area is being cured. The piles are being leveled to make way for shopping centers, resi-

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Three Cities: Pittston *continued*

dential areas and factories. Only a few of the unsightly black heaps remain (there's talk of keeping one as a reminder of the past, but that's not likely—the piles rise over prime industrial land).

Undoubtedly, the industrial influx has been partly spurred by a 1966 study for the Commerce Department which concluded that when the Interstate Highway system is completed, four major arteries would intersect in the Greater Scranton and Wilkes-Barre region.

They would, noted the consultants who conducted the study, provide "hitherto-unavailable high-speed road access to all the large metropolitan centers on the East Coast."

They recommended Yatesville, in the Greater Pittston area, as a regional distribution center.

Today there are some 110 manufacturers in the area, turning out TV picture tubes, telescope lenses, bubble gum, comic books, toilet tissue, dump truck bodies, vinyl wall covering, acoustical tile, furniture, chains and sprockets, Easter egg baskets,

artificial flowers, trailers, mobile homes, rubber products, cigars, fabric, battery cables, and men's, women's and children's apparel.

"There's no coal being mined today in the Greater Pittston area," Mr. O'Hara points out. "And since we don't have any defense-related industries the recent cutbacks in that activity didn't affect us."

Nor, particularly, did the recent general recession. Only one plant closed in highly diversified Greater Pittston, resulting in the loss of 180 jobs—temporarily.

Slapped by Agnes

Even the area's most recent test—Hurricane Agnes—had far less effect than an outsider might have expected. Though the rain-swollen Susquehanna spilled over its banks as it raced through the area, flooding some business districts and residential areas, only one industrial plant was under water. Nearly all the industrial sites are high enough to be immune from river flooding.

Companies have come to the Pitts-

ton area from far and wide. Recently, Bridon-American Corp., a British manufacturer of wire cable, announced plans to move into the lone plant that shut down during the recession, and eventually to employ some 200 Pittstonians.

Bridon will be the second foreign firm to settle in the area. In 1969, Germany's Schott Optical Glass Corp. chose Pittston for a plant site to produce glass for camera lenses, telescopes and other uses.

Hans Moeller, executive vice president of Schott's Pittston operation, says "a good piece of property was available at a reasonable rate and we felt we could find the labor we needed here because the availability of labor is the best on the East Coast."

Mr. Cadden, who is manager of the local office of the Pennsylvania Bureau of Employment Security, as well as Chamber president, notes: "We've been able to staff all industries that have come to the area."

Says James O. Brown, a frozen-food broker who moved to the area seven years ago, has expanded his facility each year and also has become a private industrial park developer: "The people of Pittston have a reputation for hard work and want to work more than people in other areas."

For the future, Greater Pittston is aiming for more diversification and setting its sights on becoming the distribution center of the Northeast Corridor.

Samuel L. Valenti, president of MarVal Industries, a lustily growing manufacturer of custom nonresidential trailers, sees the area as a natural for mobile home and trailer makers. "Pittston is the hub of the East Coast, a fantastic place for the trucking business," he says.

You only have to look at the mammoth cloverleaves where the busy Interstate interchanges uncoil to see the big diesels moving the inventories of commerce.

"Over there on Suscon Road," says Mr. O'Hara, "you're really going downhill when it looks like you're going uphill. But that's the only place in the area where it's like that. Everywhere else in Greater Pittston it looks like we're going uphill. And we really are." **END**



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Most of the planning has been beneficial for Blue City, he reports. But sometimes there are slipups. Like the time the computer showed that three bus routes intended to improve service in poorer sections of Blue City actually ended up in cornfields. END

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Paul

This Month's Guest Economist

William J. Powers
Corporate Economist
Clark Equipment Co.



Capital Spending in the '70s

What's the outlook for the capital goods industry in the decade of the 1970s? Good, despite some potholes on the road to 1980.

The industry racked up an excellent record of growth during the 1960s, and according to our projections the trend is for no more than a moderate slackening. Some years ago we projected a durable equipment growth rate of 7½ to 8½ per cent compounded annually. We're sticking with that view despite additional factors that could have a profound impact on the amount and composition of capital spending in the years ahead.

These factors include chronic inflation fears, antimaterialism, environmental concerns and the lessening efficiency of capital.

Each merits individual examination. First, inflation:

Business executives emphatically deny a cause and effect relationship between rising capital goods costs and decisions to increase the level of capital investments. Yet history tends to question these denials. Capital appropriations and expenditures remained high in the peak inflation years of 1968 and 1969 despite declining rates of use of facilities.

Inflation may also have had a profound effect on the changing ratio of plant versus equipment investment. In the 1960s, constant dollar expenditures for equipment doubled while those for new plants increased by a third. Last year, equipment accounted for 75 per cent of total capital expenditures against 63 per cent 10 years ago.

There are other factors involved in this shift to equipment. The huge rise in construction costs undoubtedly pro-

vided an incentive to avoid new plants and to concentrate on increasing the efficiency of existing facilities.

As for antimaterialism, it is a dampener on economic growth as we commonly understand it. Antimaterialism tends to limit new business development, or to slow economic growth to a rate providing an improving quality of life in particular communities without an expansion of business. In other words, consequences are being weighed and new industries often are being rejected even in the face of meaningful material gains.

Obviously, concern over pollution will have a pronounced effect on capital spending. The impact on producers of antipollution equipment will be significant. More capital investment funds will be channeled into the purchase of their wares. Conversely, relatively fewer dollars are likely to be earmarked for conventional spending.

The most intriguing concept bearing on the growth of future capital goods spending is the lessening efficiency of capital—expressed as a rising capital-output ratio. This is simply the relationship between output and the means needed to achieve that output. A rising ratio indicates the use of a proportionately larger capital base for the economy's output, and if this is so, expenditures on plant and equipment need to grow faster than output.

Conventional economic wisdom sees the rise in the ratio as sporadic, holding that the efficiency of new capital eventually will offset adverse factors and reverse the trend. However, since the ratio has been rising, we must ask ourselves if that rise is indeed a temporary phenomenon.

A number of rationales have been

advanced to support the theory of a destined rise of the ratio. A National Planning Association study, for example, indicates that further declines in the efficiency of capital are assured by rising requirements for nonproductive environmental controls. The relative increase in spending by capital-intensive industries such as the utilities is also advanced.

George Terborgh, formerly with the Machinery and Allied Products Institute, anticipates the capital-output ratio will remain high as a function of the higher growth rate of the U.S. labor force. He points out that U.S. industry requires approximately \$15,000 in capital equipment per worker. If that level is maintained, it will be highly stimulative to capital spending.

Other arguments don't deny the rise in the capital-output ratio, but suggest the rise may be temporary. Heavy investments by the paper, chemical, steel and electric power industries over the past several years are likely to face a shakedown delay in increased efficiency.

Similarly, special investment demands by the airlines and communications groups have tilted the capital input side of the equation upward without immediate benefit on the output side.

That such negative elements as a decline in the efficiency of capital, and chronic inflation, stand among the prime supports of future capital goods spending is disturbing. Perhaps both are products of special cyclical forces over the past decade and will fade in the future. But these factors are present and must be recognized as positive influences on the prospects of U.S. capital goods producers.

Seven Deadly Sins of Planning a Sales Meeting

Of all business meetings, the most traditional and enduring is the sales meeting. And for good reason.

Men in the sales force are physically separated and thus more difficult throughout the year to communicate with. Also, the salesman, since he represents the company to customers, should be fed information about it to keep up-to-date. And a man facing the psychological drain of an ego mauling every day requires a morale builder periodically.

What's the secret of a successful sales meeting?

It must inspire participation, have individual focus, be audience-oriented and provide solid information.

What to do

Here are some useful tips on ensuring that it does just that.

- Get your audience involved.

People learn best by doing. Don't let them sit there for hours on end being talked at. Hold your group together no longer than an hour to an hour and a quarter; then take a break.

It's essential to create small discussion groups, question periods or some other devices to give each person in the audience a chance to exchange ideas, clarify the discussion study materials—and thus relate the information to himself.

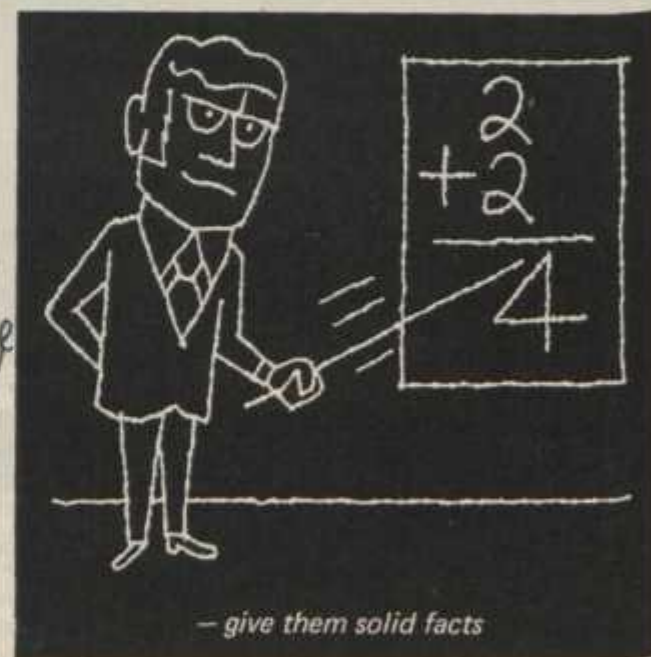
- Make your meeting meaningful for each man there.

Don't treat the audience as a herd with identical needs, interests, rates of learning and motivations.

When you design your meeting, weigh such differences as salesmen's experience, size of territory, type of customers, years employed by the company and sales function. As much as possible, try to group the mem-

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DRAWING: CHARLES A. BORN



bers of the audience by their common interests and needs.

At a sales meeting held by one of the major airlines, for example, part of the program was devoted to a discussion of the more important and profitable routes. Later, people involved in these routes—like the New York-Chicago run, or the Washington-Los Angeles run—met separately for small group discussions.

Each group explored special selling programs, implications of changes in scheduling, new baggage handling approaches for their own territory. Thus, the talks were far more useful, meaningful and participative than if they were held before the entire audience.

- Consider the program from the vantage point of the audience.

What subjects, what approaches will affect and help them? Certainly, in planning a sales meeting, the objectives of management must be considered. But you also want the participants to go away from the meeting knowing something more and doing something better than they did before they came. Otherwise the meeting is a waste.

If you serve the audience well, you inevitably will please management.

However, the converse is not true. You can please management—and lose your audience.

- Build your program on a solid foundation of facts—about which your audience wants to know more.

Some feel the primary function of a sales meeting is to exhort, to entertain or move at a feverish pitch, in order to motivate.

This attitude is the source of a great waste of time and money.

The meeting should have an abrasive effect on the mind of the salesman. Certainly, don't overlook the dramatic or motivational opportunities that the meeting can provide. But don't build your program around audio-visual gimmicks or rah-rah pep talks, rather than solid information.

What to avoid

Those are some positive points to consider. But in planning a sales meeting keep in mind also these seven deadly sins you should shun:

1. Setting it up by committee.

No committee ever composed a symphony, wrote a book or painted a picture. The sales meeting is also a highly creative process and calls for one man—working with others—to synthesize the hundreds of details into a unified program.

2. Sending out a questionnaire to the sales force to discover their needs and problems.

You'll find the answers are too general, dashed off without much thought and geared to what the salesmen think you want to hear.

3. Throwing an experienced salesman into the unfamiliar role of conference planner, simply because he knows the sales picture thoroughly.

Remember, what we're dealing with is not merely salesmanship, but knowing how people learn in groups, what they must know to be more effective and how to teach them to communicate with maximum impact. The skill involved here is an unusual talent. Expert knowledge of the subject is not the primary requirement for planning a successful meeting.

4. Letting showmanship obscure your business message.

Add theatrics only after you have determined the hard information you want your audience to chew on. Sales meetings must be built on the realities of competition, product improvement, market change, new dealer aids and support.

Showmanship is a tool. Make sure it amplifies the impact of your message.



5. Giving the broad brush treatment—instead of focusing on a few key topics.

It's important to judge what—and how much—the men want and need to know. If there are 20 areas that you believe should be discussed, decide which five are the most important—and stick to them.

Your audience will understand, remember and use the information much better if you do that, rather than cover the waterfront.

6. Running the meeting like a hundred-yard dash.

Certainly, don't spend more time than you need. But leave enough time for the information to sink in. If that takes four hours rather than three, or a day and a half rather than one, then take the extra time.

7. Expecting salesmen to say candidly what they thought of the meeting.

You won't find that out by holding a conference with them after the event. They'll tell the vice president of sales exactly what they believe he wants to hear.

The most accurate way to learn what they really think is to have an objective study done by an independent, unbiased researcher, from within or outside the company. The results may astound you.

These are only the seven deadliest sins of planning a sales meeting. Unfortunately, there are many others.

Yet, avoiding them will help you avoid the most common pitfalls encountered in planning a meeting of your own.

There's always lots of room for improvement. END


REPRINTS of "Seven Deadly Sins of Planning a Sales Meeting" may be obtained from *Nation's Business*, 1615 H St. N.W., Washington, D.C. 20006. Price: One to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.



Your Vote . . . It Does Count

Absence may make the heart grow fonder . . . but it can also mean the loss of an election. It has happened before . . . and can again. Your vote can make the difference.

Take a look at some recent political history:

- 
- the Presidential election was won in 1960 by less than one vote per precinct out of a total of over 69 million votes; in 1968 by less than three votes per precinct out of 73 million cast.
 - 91 votes decided the race for Governor in Minnesota in 1962, with over a million cast.
 - in Rhode Island in 1967, a Congressman won by 303 votes out of a total exceeding 112,000.
 - in 1970, an incumbent New York Congressman lost by 205 votes in the primary.

Political observers predict that a large number of local, state and Congressional election races will be extremely close this November. The business viewpoint is highly vulnerable in these instances because more than 2 million people, mostly from the business and professional community, are generally traveling on any given election day. Most of them are disenfranchised because they failed to arrange for an absentee ballot.

If there is the slightest chance that you'll be away from your registered polling place for any reason on November 7th, contact your local election officials for an absentee ballot *now*.

Vote in person for the candidate and party of your choice on November 7th. If you must be away on election day, leave your vote behind. Vote absentee.

Chamber of Commerce
of the
United States

1615 H Street, N.W.
Washington, D.C. 20006

BY GROVER HEIMAN
Associate Editor

AGRICULTURE

There's both good news and bad news for U.S. rice growers—a possible one third increase in exports by 1980, but a reduced annual rate of increase in crop production.

U.S. exports, primarily to less developed nations, average some 1.5 million metric tons annually. By 1980, if all goes well, U.S. growers could boost this to two million metric tons, according to the Agriculture Department's Economic Research Service.

This potential increase, however, will depend on the availability of concessional trade terms and on a limited rate of recovery of rice exports from Southeast Asia.

One big factor that may curb a rise in U.S. exports is the use of new high-yield plant varieties and modern technologies in the less developed countries.

Despite their growing populations, these nations will import only 4.7 million tons of rice in 1980, ERS experts estimate, compared with the 4.3 million tons they imported annually in the 1964-66 period.

Increased production by the importing nations will tend to hold prices at the current levels through the end of the decade, which won't stimulate additional plantings in the U.S., the world's biggest rice exporter.

CONSTRUCTION

The "budget motel" is likely to be a key factor in lodging industry plans in the future as competition for the overnight guest heightens.

According to the accounting firm of Laventhol Krekstein Horwath & Horwath, second or vacation homes and the rapidly expanding camping industry will vigorously vie with motels and hotels for the pleasure travel market. But it notes that the greatest competitive threat could actually come from inside the lodging industry in the form of the so-called budget motel.

This type of facility, says the firm, seems

to appeal most to two types of guests: the family en route to a destination and the businessman who travels constantly and has a limited per diem allowance.

"Both require very few of the extra services that the more luxurious motor hotels offer, and they find the budget motel is frequently as conveniently located as the more expensive operation," says John D. Lesure, a partner.

Concludes LKH&H: The basic psychological factor seems to be freedom of choice for the traveler to use only those services he wants and "not those thrust upon him."

NATURAL RESOURCES

Environmental considerations have made the outlook for lead less rosy than those for other minerals in recent years, but new uses could change that.

Though lead remains under a cloud in two major markets—pigments and antiknock compounds for gasoline—environmental concern is promoting another promising market for it: as a noise barrier.

Some 16,000 square feet of lead sheeting 3/64 of an inch thick have been used to cover the roof of Baldwin-Wallace College's new Art and Drama Center in Berea, Ohio, to screen out jet aircraft noise. Lead was used

extensively in construction of the giant John Hancock Building in Chicago to contain engine room and apartment sounds.

Research into architectural applications for lead has resulted in new equipment which continuously casts galvanized screen-reinforced lead sheeting nine inches wide and 10 feet long.

Between 3,000 and 4,000 tons of lead sheeting were used for soundproofing in the U.S. last year, but this was only a fraction of total lead consumption. It was a record year for the metal in the U.S.—1.4 million tons were used.

CREDIT AND FINANCE

The trend is for more and more credit cards.

A University of Michigan study, which concludes that most Americans consider them "a necessary evil," reports that half of all U.S. families have one or more. The average card-carrying family has three, and a significant number have six or more.

Evidence of increasing dependence on the cards is the continued growth of bank credit card transactions, up 18 per cent in 1971 and predicted to rise 20 per cent this year.

Bank credit cards' usage is heaviest in California, where they got their start, but it

is growing all over the nation. The San Francisco Federal Reserve District accounted for 25 per cent of the nation's bank card receivables last year. In 1967 the area accounted for 50 per cent.

Despite the credit card boom, Lewis Mandell, who directed the study by Michigan's Institute for Social Research, says the cards do not appear to be replacing money or checks.

Families using credit cards tend to write more checks per month than families which do not use them, he reports.

FOREIGN TRADE

Protectionist rumblings in the U.S. will stimulate fixed investments by foreigners here.

That's the forecast of the research and management consultant firm of Arthur D. Little, Inc., which says many foreign corporations will pour money into U.S. business acquisitions and plant facilities in order to further protect their exports and market shares.

Fixed investments by foreigners are now

estimated to be about \$13.5 billion, approximately 17 per cent of the total of U.S. fixed investment overseas.

During the next 10 years, A.D. Little analysts say, such investment here should increase more than \$1 billion annually.

A further stimulus to acquire U.S. assets is that it's cheaper today for some foreign firms because of the dollar devaluation.

MANUFACTURING

Envisioned increases in scheduled domestic and international air traffic indicate a \$27.7 billion market for the aerospace industry through 1980.

The Air Transport Association estimates this is the investment required by U.S. scheduled lines for new flight and ground equipment in this decade.

Through 1975, the industry's capital needs are put at \$7.4 billion. Most of the equipment involved has been delivered or ordered.

For the 1975-1980 period, the ATA pre-

dicts the airlines will need to spend another \$20.3 billion, almost twice the value of their aircraft fleets at the end of 1971. Included in the total is \$13 billion for flight equipment, \$2.2 billion for ground equipment and \$5.1 billion added as an inflation factor.

Further good news for the aerospace industry, most of whose volume involves defense, is a report from Treasury Secretary George P. Shultz that "in terms of employment associated with defense, we have sort of stabilized as of now."

MARKETING

A record year is the prospect for the nation's department stores, and the outlook is for sales to continue rising at a faster rate than in the retail industry in general.

According to Henry S. Kahn, a senior vice president of Chicago's Harris Trust and Savings Bank, overall volume increases rather than price increases account for more of the gain than was the case in past years.

The bank's nineteenth annual Department

Store Study predicts that rising employment and the completion of a record number of new homes will keep sales at the high pitch recorded in the first two quarters.

Buttressing this prediction is Labor Secretary James D. Hodgson's report that real weekly earnings are increasing at an annual rate of 3.8 per cent. Prior to imposition of wage-price controls, real wages were increasing at an annual rate of 2.5 per cent.

TRANSPORTATION

Businessmen may insist routinely in the future that their vehicles get the expert touch of certified mechanics.

Starting next month, the recently organized National Institute for Automotive Service Excellence will offer tests to general automotive mechanics leading to the award of a certificate attesting to the competence—knowledge and skills—of the holder.

The Washington-based Institute estimates that some 30,000 of America's 800,000 mechanics working in service stations, fleet

garages, car and truck dealerships and shops will take the initial certification exams in November and December at some 150 locations throughout the nation.

A candidate who passes the four-part test, and who has two years' experience as a working mechanic, will qualify as a certified general auto mechanic. To retain the rating, he must pass a recertification test every three years—showing he has kept abreast of new developments. A certified mechanic will be authorized to display a special seal.

Editorial

How About You?

Practically every candidate we know is pitching hard for his share of the 25 million or so young people who may vote for the first time next month.

Everybody is urging them to vote. So do we.

Somehow, though, there's not as much effort to get the other 100 million or so eligible voters to the polls.

If you're one of these, we hereby urge you also to exercise your priceless franchise.

Mom and Dad's, Grandpa and Grandma's votes count too.



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